

No. 15,540

IN THE

United States Court of Appeals
For the Ninth Circuit

C. MARTIN WELCH,

Appellant,

VS.

EUGENE L. GRINDLE,

Appellee.

BRIEF ON BEHALF OF APPELLEE.

FLEHR AND SWAIN,

PAUL D. FLEHR,

JOHN F. SWAIN,

HAROLD C. HOHBACH,

201 Crocker Building,

San Francisco 4, California,

Attorneys for Appellee.

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PAUL P. C. [unclear], Clerk

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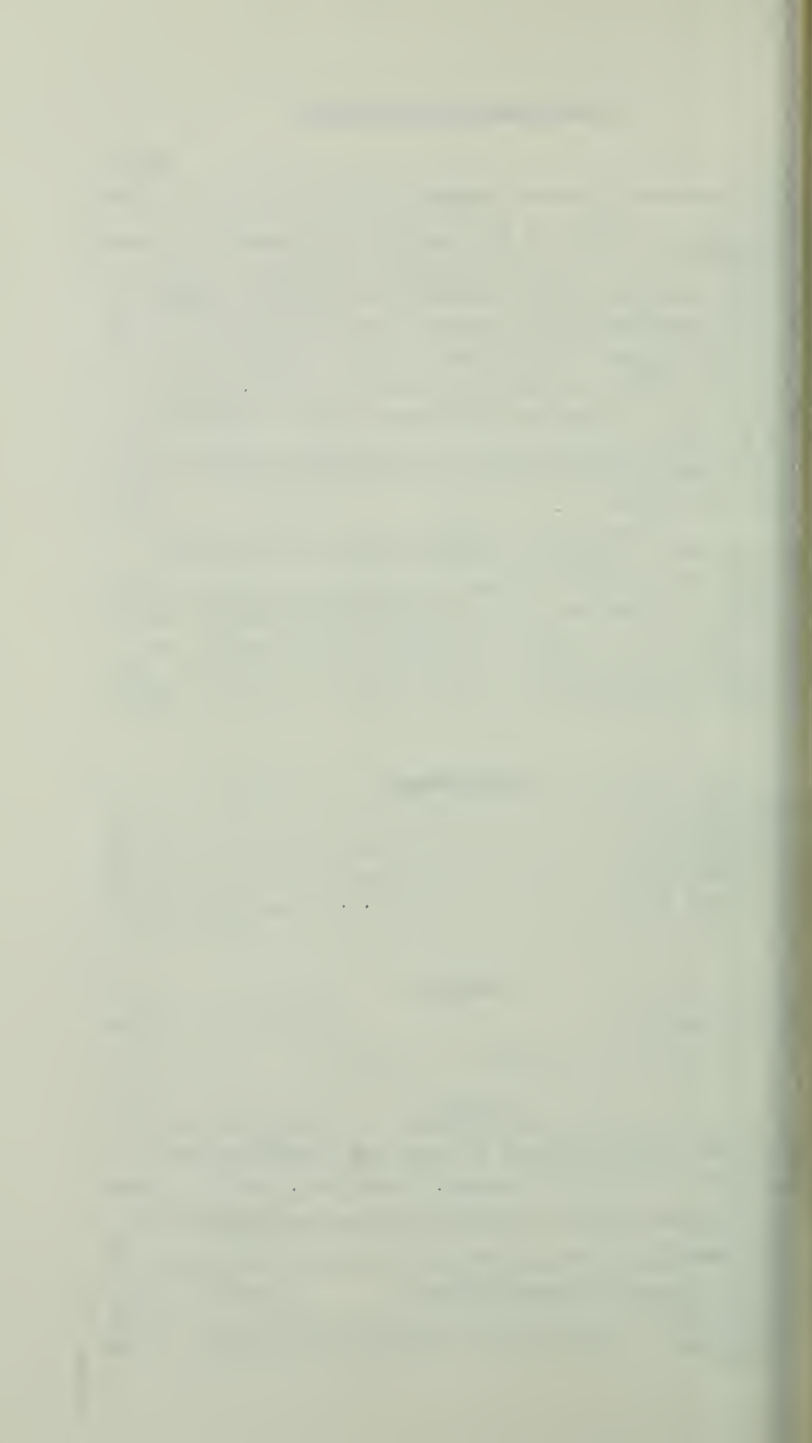
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BRIEF ON BEHALF OF APPELLEE.

I. OPENING STATEMENT.

This Brief on behalf of Appellee, Eugene L. Grindle, hereinafter called "Appellee" or "Grindle," is in response to the Appellant's Opening Brief. Appellant, Welch, has appealed from a Judgment and Decree (TR. 73) of the United States District Court, Northern District of California, Southern Division, adjudging Welch patent No. 2,534,644 as being void and invalid as to all three of its claims on four separate and independent grounds (TR. 71) which are listed below:

1. Patent No. 2,534,644 is void because the application was not filed by the true inventor.

2. Patent No. 2,534,644 is void because the dipstick disclosed in the patent was in public

use for more than one year before the application was filed.

3. Patent No. 2,534,644 is void because the dipstick disclosed in the patent was published in drawing D-32.061.114 more than one year before the patent application was filed.

4. Each of the three claims of the patent No. 2,534,644 is invalid because it fails to define invention over the prior art, particularly Hyde and Schmitt.

The Judgment and Decree also enjoined and directed that the Appellant, Welch inform each and every of his past purchasers of the dipsticks and others that the dipsticks were not patented; enjoined and directed him to inform said past purchasers by a written notice first submitted to the Court for approval, together with a list of said past purchasers; permanently enjoined him from marking any dipsticks or selling any dipsticks already so marked with any notation of a patent number or the pendency of a patent and decreeing that each party bear its own costs. The Appellee also appealed from the final Judgment and Decree which was subsequently dismissed upon Stipulation and Order (TR. 711).

II. STATEMENT OF FACTS.

A. IN GENERAL.

The cursory statement of the case given by the Appellant is so short and omits so many facts that

we believe it is necessary to set forth the pertinent facts so that the case can be viewed in the proper perspective.

THE BASIC EMBODIMENT OF THE DIPSTICK DISCLOSED IN WELCH PATENT NO. 2,534,644 WAS CONCEIVED AND DEVELOPED BY THE APPELLEE, GRINDLE, AND DISCLOSED TO THE APPELLANT, WELCH.

Initial development of the new type dipstick.

Because of the difficulty Pan American World Airways, hereinafter called "Pan American" was having with the wooden dipsticks it was using, Pan American, early in 1948, assigned to Appellee, Grindle, an engineer in its Engineering Department, the project of developing a new type dipstick (TR. 87). The wooden dipsticks were objectionable because chips came off the sticks and clogged the valves of the carburetors in the airplanes. The wooden dipsticks were also objectionable because they were often calibrated inaccurately and were easily broken (TR. 87). The project of developing the new type dipstick was assigned to Grindle because he was a highly qualified mechanical engineer with many years of practical experience as a design engineer (TR. 82-86).

Grindle, after considerable experimentation and development, arrived at what he believed would make a satisfactory dipstick. In the beginning of the development Grindle decided to utilize plastic to eliminate the breakage and chipping problem. After making several dipsticks from plastic material he

formulated the idea of providing a bore in the dipstick and raising a column of gasoline from a tank by placing a finger over the upper end of the bore and then making a reading on a scale on the dipstick. Grindle, by experimentation found that the specific gravity of aviation gasoline was such that a fluid column of over $3/16''$ in diameter could not be lifted in this manner. A dipstick utilizing these principles was fabricated and consisted of a $3/4'' \times 3/4''$ plastic extrusion through which a bore $3/16''$ in diameter extended longitudinally. Calibrations were impressed on the outer surfaces of the extrusion (TR. 89). The dipstick thus constructed was tested and found to operate satisfactorily and was introduced in evidence as Plaintiff's Exhibit 3 (TR. 90). However, Grindle was not satisfied with this dipstick because he thought it might be too expensive to manufacture and also because he had other ideas for improving the dipstick (TR. 91).

Grindle's next development consisted of making up a $3/8''$ square wooden filler 3 feet in length upon which he cemented an Ozalid print bearing the proper calibrations. The wood filler was then taken to the plastic shop at Pan American and given to a Mr. Herbert Montoya, hereinafter referred to as "Montoya," who was instructed to enclose the assembly in plastic and to provide holes in the plastic for lifting fluid columns. Grindle first instructed Montoya to make the holes for the fluid columns at the corners of the dipstick so that it would not be necessary to look through the fluid columns to read the

scale (TR. 91). Montoya fabricated a dipstick in accordance with Grindle's instructions from narrow strips of plastic which had been cut from sheets of $1/16''$ thickness and bonded together around the filler given to him by Grindle. The ends were sealed with plastic pieces also cemented in place to protect the Ozalid scale from wetting (TR. 93, corroborated by Montoya TR. 266). Both Grindle and Montoya made sketches of this dipstick as they remembered it and they were introduced in evidence as Plaintiff's Exhibits 4 and 25, respectively (TR. 4 and TR. 267).

With the holes for the fluid columns in the corners of the dipstick, Montoya found he had difficulty in sealing the corners to prevent leaking (TR. 94, corroborated by Montoya TR. 266.) Grindle then suggested moving the fluid columns to the center of each side of the dipstick and Montoya then constructed another dipstick from similar plastic strips. This dipstick was tested and found to operate satisfactorily (TR. 94, corroborated by Montoya TR. 267). This dipstick was not available for introduction into evidence because it had been lost or destroyed while in the possession of the Plastic Process Company (TR. 98). Therefore, before trial, Grindle had made, under his direction, a replica of this dipstick which was introduced in evidence as the Plaintiff's Exhibit 6. This replica or mock-up was fabricated in a manner exactly the same as the original (TR. 95, corroborated by Montoya TR. 268, also corroborated by Seagrave TR. 641).

2. Grindle disclosed the dipstick he had developed to the Applicant, Welch.

After a satisfactory dipstick was completed by Montoya in accordance with Grindle's instructions, Grindle prepared a drawing of a proposed extrusion for the plastic portion of the dipstick (TR. 98), a Ozalid copy of which was introduced in evidence as Plaintiff's Exhibit 6 and bears drawing No. A-14 123.116 and a date of April 28, 1948 (TR. 98-99). The drawing shows a $\frac{3}{4}'' \times \frac{3}{4}''$ square plastic extrusion 144" in length. A hole extending longitudinally through the extrusion is shown in each of the four sides of the extrusion. The extrusion also is provided with a centrally located $\frac{3}{8}'' \times \frac{3}{8}''$ square hole which is adapted to receive the wood filler upon which the calibrated scale is mounted.

Grindle prepared the extrusion drawing so that he could submit it to vendors to obtain quotations on the extrusion only. At that time, Pan American was planning to make the dipsticks in their shop and for that reason Grindle did not show the other components of the dipsticks in the drawing (TR. 99).

After Grindle had completed the extrusion drawing, he consulted the classified section of the telephone directory to determine where the plastic extrusion manufacturers in San Francisco were located (TR. 100). It was Grindle's practice, as well as that of other engineers, as soon as something new had been designed in a specialized field, to consult with the manufacturers to obtain suggestions for adapting the design to the most economical production methods (TR. 99).

Grindle, accompanied by Marshall T. Seagrave, hereinafter called Seagrave, called on the American Molding Co. in San Francisco and spoke to a Mr. John G. Robb, hereinafter called "Robb." Grindle discussed with Robb the possibility of obtaining the proposed extrusion from American Molding and showed him the model plastic dipstick which had been fabricated by Montoya and a copy of the extrusion drawing (TR. 101, corroborated by Seagrave TR. 642). American Molding was not interested in supplying the extrusion because of the small quantity desired by Pan American and suggested that a Mr. Martin Welch, the Appellant, who represented the Plastic Process Company of Los Angeles, might be interested (TR. 101, corroborated by Seagrave TR. 642). Grindle recalled that his visit to American Molding Co. must have occurred two or three days after the completion of the extrusion drawing, on April 8, 1948 (TR. 102). Seagrave was able to corroborate the fact that the visit to American Molding occurred sometime the first part of May, 1948 (TR. 39).

Grindle did not call on Welch on the same day because Seagrave had to complete some business of his own. Grindle called Welch the same afternoon of their return or the day thereafter (TR. 102) and informed Welch that Pan American had a plastic extrusion job on which he would like to have him quote. Welch informed Grindle that he was in Millbrae and would be glad to drop in to see Grindle at his office at Pan American.

Welch called on Grindle at Grindle's office at Pan American on the day after Grindle's call (TR. 102). During the conference between Grindle and Welch Grindle discussed the evolution and development of the dipstick and showed him the various sample he had made, and showed him the dipstick fabricated by Montoya. During the conversation Grindle gave Welch a copy of the extrusion drawing No. A-14.123.11 and the mock-up dipstick fabricated by Montoya (TR. 103) which was sent to and received by the Plastic Process Company (see first paragraph of letter dated May 3, 1948—Defendant's Exhibit E). After conclusion of the discussion with Grindle, Welch stated that he would get a reply from his company as soon as possible and took with him a copy of the extrusion drawing (TR. 103).

C. THE STEPS LEADING UP TO THE MANUFACTURE AND SALE OF FUEL TANK DIPSTICKS BY WELCH.

1. Welch's letter of inquiry to the Plastic Process Company.

After seeing Grindle, Welch, on the same day or the day thereafter wrote a letter of inquiry dated May 3, 1948 (Defendant's Exhibit E) to Mr. Harry Wenk of the Plastic Process Company (TR. 41) which read as follows:

"The enclosed drawing is a section of a fuel tank measuring stick, sample of which is being mailed you today by Pan-American.

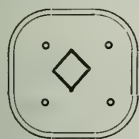
Will you and Ted please get together on this and recommend whatever changes possible to reduce cost and improve efficiency?

You can make any changes necessary, so long as we furnish a section with four holes that can be no larger than $3/16''$ diameter, as that is the largest size tube that 100-octane fuel will stay in, when your thumb closes one end after dipping into tank.

The purpose of the stick, as you can no doubt see, is to stick same into any one of four different size fuel tanks, place your thumb over the hole on one end, and read the amount of fuel in the tank.

You will note on the sample, that there is a wood section, upon which is pasted a graduate paper scale on each of its four sides. Can you think of any substitute section in plastic that can replace the wood? (Maybe a square tube, closed at both ends, or ?)

An alternate design which may work o.k. and save material, such as:



approx. $3/4''$ or less square

would perhaps be better. However, on this shape it may be somewhat difficult to get a correct reading off the scale due to the round corners.

Please let me know as soon as you can, what you'd recommend, in addition to quoting on the sample (prices and delivery).

1000 ft. will be the initial order, so I have warned that the cost would be higher than if 5000 ft. were ordered. One thousand feet would last Pan-Am. several years. It was mentioned that these people would have no objection to us selling other

airlines this fuel gauge, as they are all presently using a metal or wood stick, which is unsatisfactory to the extent that the gasoline evaporates so rapidly that an accurate reading is not always obtained.

We are only to furnish the extrusion, not the paper scale charts or the wood. (Unless, as mentioned above, you can think of something in plastic to replace the wood.)”

The first paragraph of the letter states that the drawing was enclosed with the letter showing a section of a fuel tank dipstick and it is clear that this drawing was the extrusion drawing Welch had received from Grindle (TR. 414). The same paragraph also states that a sample fuel tank measuring stick was being mailed on the same date to Plasti Process Company by Pan American. The sample referred to is the mock-up dipstick fabricated by Montoya.

In the second paragraph of the same letter, Welch asked Mr. Wenk and Mr. Kerr to get together on the fuel tank dipstick and recommend whatever changes possible to reduce the cost and improve the efficiency. From this it is apparent that Grindle informed Welch that the extrusion proposed by Grindle was not final and that he would be amenable to any changes which would reduce the manufacturing cost.

Welch denied seeing the mock-up dipstick fabricated by Montoya (TR. 415). However, the fifth paragraph of the same letter begins with the words “You will note on the sample” which certainly in-

ates that Welch had an opportunity to observe the construction of the mock-up dipstick that was being sent to the Plastic Process Company. The fifth paragraph is very specific and specifies that the mock-up dipstick included a "wood section, upon which is fastened a graduate paper scale on each of its four sides." The letter, in general, gives a very lucid description of the mock-up dipstick which it is submitted would have been difficult to give if Welch had merely seen the extrusion drawing which contained no information about the general construction of the dipstick. This is particularly true since Welch had no previous knowledge or experience in dipsticks (TR. 566).

Welch contends that he was not aware at the end of his initial conference with Grindle that end plugs were required for sealing the ends of the dipstick to prevent wetting of the paper scales (TR. 553). However, in the last sentence of paragraph five of the letter of May 3, 1948, Welch asked Mr. Wenk whether he could think of any substitute section in plastic that could be used to replace the wood filler and then made the suggestion of a square tube closed at both ends. It is submitted that this certainly intimates that Welch knew on May 3, 1948, that the ends of the dipstick had to be sealed to protect the paper scale. Welch admitted on cross-examination that this suggestion could mean the square tube in which a graduated paper scale had been positioned and sealed at both ends to prevent damage to the paper scale (TR. 568).

Welch admitted that in his initial conference with Grindle that Grindle had shown him other sample dipsticks (TR. 410 and 414). It is difficult to believe that Grindle would not have shown the mock-up dipstick fabricated by Montoya to Welch because that was the type of dipstick for which the extrusion was intended. That the mock-up dipstick had been completed by this time is clear because Grindle had the mock-up dipstick with him when he consulted American Molding Co., who referred him to Welch.

2. The quotation by Plastic Process Company.

Mr. Kerr, hereinafter called "Kerr," of the Plastic Process Company, testified that he recalled receiving the letter dated May 3, 1948, the extrusion drawing enclosed with it (TR. 369 and 372) and the mock-up dipstick sent to the Plastic Process Company (TR. 373). Kerr described the mock-up dipstick as he remembered it, as consisting of pieces of sheet stock that had been cemented together to form a square tube, the square tube having four orifices all containing a wooden stick in the center (TR. 374). Kerr also testified that he remembered that the ends of the mock-up dipstick were flush, that is, that the ends of the wood filler were flush with the inner and outer ends of the dipstick (TR. 378) and that it had no end closures (TR. 380). That the mock-up dipstick had no end closures contradicts the testimony of Grindle which was corroborated by the testimony of Montoya (TR. 266) and Seagrave (TR. 641).

This conflict in the testimony is relatively unimportant except for the fact that Welch contended that he did not know that the ends of the dipstick had to be sealed until some time after his initial conference with Grindle. It is submitted that it is far more reasonable to believe that the ends were sealed since a paper scale was pasted on the wood filler. Grindle would have been unable to test the mock-up dipstick without sealing the ends because the paper scales would have been ruined by the gasoline.

Kerr testified that after he had received the mock-up dipstick on May 10, 1948, he simplified the construction by using standard extrusions which the Plastic Process Company was already manufacturing. He made a sample which, with a quotation (Plaintiff's Exhibit 35) dated May 11, 1948, and a letter of explanation dated May 11, 1948 (Defendant's Exhibit I) were sent to Welch. In making up the sample, only two tubes were used because if four tubes had been used, there would have been insufficient area on the wood filler for placement of scales. Each tube, therefore, had to service two scales.

Kerr stated in the letter dated May 11, 1948, that he had simplified the mock-up dipstick supplied by Pan American by proposing the use of standard extrusions because making the die for Grindle's proposed extrusion would be too expensive for the quantity of extrusion desired. Kerr also stated in the letter that he made the wood filler by cutting two square grooves in opposite corners (TR. 385) and

that he had removed a sufficient amount of width to permit $\frac{1}{4}$ " tubes (standard extrusions) to be inserted between the wood filler and the $\frac{3}{4}$ " x $\frac{3}{4}$ " square tubing (another standard extrusion) (TR. 386-387).

The quotation dated May 11, 1948, stated that the Plastic Process Company was willing to quote a price of \$1.79 each for all the components of the dipstick ready for assembly as per the sample submitted by Mr. Kerr without calibrations and to be made of clear Tenite II.

In the letter dated May 11, 1948, Kerr commented on the sample he was sending to Welch and stated that each round tube serviced two scales and that each tube was allowed to extend above the top of the square tubing for ease of operation. From this letter it would appear that the round tubes must have been held firmly in place by the wood filler inserted by Kerr. Otherwise both of the round tubes would not have been held in place to extend above the top of the square tubing. Welch admitted receipt of the letter dated May 11, 1948, and the sample made by Kerr consisting of three assembled pieces of plastic tubing in a wood filler (TR. 422).

3. Grindle's second conference with Welch.

After his initial conference with Welch, Grindle did not hear from Welch until approximately one week later (TR. 104), at which time Welch walked into Grindle's office and stated that he had received a reply from his company (TR. 104). Welch brought with him a piece of $\frac{3}{4}$ " square $1/16$ " wall plastic

tubing and two pieces $\frac{1}{4}$ " outside diameter round tubing, all three pieces being approximately 3 feet in length (TR. 104).

Welch stated that his company had studied the proposed extrusion and said that it would be costly to produce and offered the standard extrusions made by his company as a possible substitute (TR. 105). Welch delivered the square and round tubing in a separate state and the round tubes definitely were not held in place within the square tubing by a wooden roller (TR. 105). Examples of the tubing submitted by Welch to Grindle were placed in evidence as Plaintiff's Exhibits 7A, 7B and 7C. The round tubes submitted by Welch were similar to those that Grindle had drawn out of Pan American stock to check the proper cross-sectional area for aviation gasoline (TR. 106). Grindle had also used solid $\frac{3}{4}$ " square plastic extrusions and had seen square tubular metal extrusions (TR. 106) so that the standard extrusions submitted by Welch certainly were not new.

Welch was able to fix the date of his second visit with Grindle because of a letter he had written on May 14, 1948, to Plastic Process Company (Defendant's Exhibit 0). The letter stated that he was going to see Pan American that afternoon and thanked the Plastic Process Company for the quick service.

There is a direct conflict in the testimony as to exactly what Welch gave to Grindle. Welch testified that after receiving the sample from Kerr that he, together with his neighbor, Mr. Klein, hereinafter

called "Klein," made a new wood filler (TR. 434) for a purpose which is not altogether clear and then submitted the assembly consisting of the $\frac{3}{4}$ " square tubing, the two $\frac{1}{4}$ " round tubes and a wood filler to Grindle (TR. 434).

If we are to assume that Welch's statements are true, the sample which was not mailed from Los Angeles until on or after May 11, 1948, had to be received by Welch in his office in San Francisco by May 13, 1948. He then would have had to take the sample home with him that same evening of the 13th. He and Klein would have had to make up a new filler for the sample dipstick that evening so that he could bring it back to his office in San Francisco the next morning for submission to Grindle that afternoon. It is submitted that it is far more reasonable to believe that Welch did not actually receive the sample dipstick sent by Kerr from Los Angeles until May 14, 1948, and that on the same day of receipt he took the standard plastic extrusions without the wood filler and submitted them to Grindle on his way home to Millbrae.

It is difficult to believe that Welch would have gone to the trouble of making a new filler in view of the fact that the changes, which he claims were made, were very minor. This is particularly true since at this time Welch did not know whether Pan American would allow him to quote on a complete dipstick.

In delivering the standard plastic extrusions to Grindle, Welch failed to deliver the quotation of the Plastic Process Company dated May 11, 1948, which

was addressed to Pan American (TR. 582). It is unknown why Welch did not submit the quotation to Grindle but it can be surmised that it was for the reason that Welch himself wished to quote on the complete dipstick rather than having the Plastic Process Company quote on the plastic components and the wood filler for the dipstick. In that way it would be possible for Welch to enter into the business of manufacturing and selling dipsticks which he was particularly interested in doing for financial reasons (TR. 496), and for the same reason Welch might have removed the filler placed in the assembly sent up by Kerr before he took the standard plastic excursions out to Grindle (TR. 683).

Welch in his deposition (Plaintiff's Exhibit 34) admitted that the Plastic Process Company had submitted a quotation for the component parts of a dipstick including the wood filler, the square tubing and the two round pieces of tubing (page 11, lines 21-24), whereas, at the trial he testified that the quotation of May 11, 1948, did not include the wood filler (TR. 584). It is submitted that Welch's position at trial was untenable because otherwise Kerr would not have been able to make the following statement in his letter of May 11, 1948:

"I should like to quote on all of the components as that would enable us to furnish an assembly ready for calibration with an assurance that all of the parts will go together."

By "all components" Kerr must have meant that he intended to include the wood filler in the quotation.

Otherwise, he could not be sure that all of the parts would fit together.

4. Redesign of the dipstick by Grindle to incorporate the use of standard plastic extrusions.

After receiving the standard extrusions from Welch, Grindle took the extrusions back to the drafting department at Pan American and gave them to the drafting supervisor, Mr. Ray Chong, hereinafter referred to as "Chong" (TR. 107). This was corroborated by Chong, who stated that Grindle had brought him a sketch together with some square tubing and some round tubing in a separate state (TR. 271). The preparation of the drawing was delayed (TR. 272) but the drawing was finished on June 4, 1948 (TR. 273) and was identified as Pan American drawing No. D-32.061.114. The drawing was officially released on June 7, 1948, after it had been signed by Grindle (TR. 683). However, prior to the date the drawing was released, Welch called on Grindle and asked for the opportunity to quote on the entire dipstick assembly. Grindle gave Welch permission to quote and gave him an advance copy of the drawing so that he could make up a sample dipstick (TR. 112 and 683). At the same time Grindle returned the standard extrusions to Welch (TR. 114) and gave him an Ozalid of the calibration chart (TR. 115).

Prior to the time that Grindle gave Welch permission to quote on the complete dipstick, Grindle had intended to make up a production model in the shop at Pan American in order to test the dipstick to see if it would be acceptable (TR. 112). Since

the drawing was dated June 4, 1948, the advance copy given to Welch was given to him on that day or a day or two prior to June 4, 1948 (TR. 113). Chong corroborated the fact that advance prints were often given of drawings made at Pan American (TR. 272).

The advance copy of the drawing given to Welch was substantially in the same form as that shown in defendant's Exhibit P except the drawing at that time called for plugs of 1/16" in thickness for sealing the ends of the dipstick instead of the 11/32" plugs which are shown in the drawing at the present time (TR. 113 and 683).

The sample production dipstick constructed by Welch.

Within a few days after Grindle had given Welch an advance copy of the drawing, Welch returned with an assembled dipstick for testing purposes. The dipstick contained a wood filler which accommodated the standard tubes. The Ozalid print which had been given to him by Grindle was cemented on the wood filler and each of the ends were sealed within plastic plugs (TR. 115).

It will be recalled that there was a conflict in testimony as to whether or not the standard extrusions had been delivered to Grindle with a filler (see heading II C 3 in this brief). It is submitted that it is far more reasonable to conclude that Welch first went to see Klein after the standard extrusions had been returned to him by Grindle and not at the time the sample was received from Los Angeles. When the standard extrusions were returned to Welch

by Grindle, Welch would have reason to make up wood filler because he would need one for assembling the sample production dipstick. This conclusion is buttressed by the fact that Klein testified that Welch only brought over three pieces of plastic tubing (TR. 535). Welch failed in trying to convince Klein prior to the trial that he had also brought over a wood filler (TR. 548).

After receiving the sample production dipstick from Welch, Grindle made plans to test it and called in Mr. Harold Schmidt, hereinafter called "Schmidt" because he was the one who had initiated the request for a new dipstick design (TR. 117). The test took place prior to or on June 7, 1948 (TR. 117) and was for the purpose of determining whether or not a new type dipstick would withstand the abuse that it would have to take (TR. 118). The test consisted of dropping the dipstick from a walkway which was approximately 15 feet above the hangar floor and which fairly well simulated the height of an airplane wing (TR. 118). The dipstick was thrown repeatedly against the hangar floor with definite attempts to throw the dipstick in such a manner that it would strike the hangar floor on one of its ends. It was not until the ninth throwing of the dipstick that a shifting of the wood filler caused the end plug to be pushed out and to crack the square tubing (TR. 119).

Schmidt witnessed the entire test and took part in the test (TR. 118). Schmidt corroborated the entire dipstick test and specifically recalled that the dipstick test had calibration paper wrapped around

wooden filler and that the ends of the dipstick were sealed with end plates (TR. 282). Schmidt also testified that the dipstick withstood the test quite well but the impact of the test caused one of the end plates to be displaced (TR. 284).

Since the sample production dipstick submitted by Welch had been tested to destruction, Grindle, before trial, made up a replica (Plaintiff's Exhibit 9) of the dipstick submitted by Welch.

After completing the destruction test, Grindle concluded that the ends of the dipstick would have to be strengthened (TR. 119). He, therefore, increased the thickness of the end plugs to $11/32''$ as shown in drawing D-32.061.114 (Defendant's Exhibit P) to get more adhesion strength from the plugs so that they would resist the impact of the wooden filler when the dipstick was dropped on one of its ends (TR. 121).

Welch admitted that he was requested to make up a sample production dipstick so that it could be tested for durability (TR. 436). However, Welch denied that he had ever submitted a completed dipstick to Grindle for testing purposes and contended that the durability test was made with the incomplete sample that he had left with Grindle at the time of his second visit with Grindle (TR. 436). According to Welch's testimony, the sample dipstick tested consisted of only four pieces, the square tubing, the two round tubes and the wooden filler holding the round tubes in place. This sample dipstick did not include a scale or end plugs (TR. 574).

It is submitted that it is highly improbable that Grindle would have conducted a durability or destruction test upon a dipstick that had not been completed, particularly when there were no end plugs to prevent the filler and round tubes from shifting relative to the square tube. Such an assembly, if dropped, would almost immediately fall apart.

6. Quotation on the dipstick by Welch.

Within a day or two after Welch had delivered the sample production dipstick for testing, he delivered a quotation (Plaintiff's Exhibit 10) bearing a date of June 7, 1948, for 300 dipsticks (TR. 127). The pertinent portion of the quotation reads as follows:

“300—dipsticks, complete (per sample submitted but with printed scale).....\$3.00

While our quotation is based on 300 units, we can assure you that 100 units will be furnished you for the same price, or less.

Please make out any orders to our San Francisco office, to be mailed to 55 New Montgomery Street, S. F. 5, Calif.”

This quotation of June 7, 1948, refers to a sample submitted by Welch. Undoubtedly, the sample referred to is the sample production dipstick which was tested to destruction by Grindle (TR. 127). Welch, however, testified to the contrary and stated that the sample referred to in the quotation was the incomplete one delivered to Grindle on or about May 14, 1948 (TR. 465).

The quotation of June 7, 1948, however, definitely notes on dipsticks which are complete. The only exception referred to on the quotation is to the scale and for that reason it must be assumed that the sample referred to was complete with end plugs and that it was the sample production dipstick submitted by Grindle for destruction tests. The reference to the printed scale in the quotation merely meant that Welch was to supply printed scales rather than the solid scale which was in the sample production dipstick (TR. 127).

The letter of June 10, 1948.

Within a day or two after Welch delivered the quotation of June 7, 1948, Welch asked Grindle for a release from Pan American to sell the dipstick to other airlines (TR. 128). Welch asked Grindle if he thought the dipstick would be of any use to other airline operators. Grindle replied in the affirmative because the dipstick was a substantial improvement over anything used at the time and for that reason Welch would have no trouble in selling it to other people (TR. 128). At the same time Welch asked for the release, he stated that in consideration for the release he would continue to sell the dipsticks to Pan American for \$3.00 each (Tr. 129). Grindle stated that before he could give a release it would be necessary for him to check with his superiors (TR. 129).

During the same conference, Grindle informed Welch that he would initiate a requisition for 100

dipsticks and that a purchase order would be forthcoming (TR. 130). It is evident from the letter of June 9, 1948 (Defendant's Exhibit J), written by Welch to Plastic Process Company that the above conference took place on June 9, 1948. The following pertinent portion of the letter was read into evidence by Kerr:

"P.S. As mentioned to Ted over the phone, am going to make up 100 only dipsticks, complete with printed scales and *plastic plugs* in each end. These people originally asked us to quote on 300 units, however, the engineer informs me that now he'll only be able to order 100 units (they may take another 100 or so at a later date, however)" (Emphasis supplied) (TR. 391-392).

In the quoted paragraph of the letter, Welch stated that he was going to make up 100 dipsticks complete with printed scales and plastic plugs at each end. It is apparent that here again there is documentary evidence that Welch knew that the dipsticks required plastic plugs in each end and that they were to be complete with printed scales.

In accordance with his promise to Welch, Grindle issued a requisition and apparently sent a copy to Welch because Welch stated in the letter of June 9, 1948, that one was being mailed to him on that day (TR. 130).

Grindle asked his superiors whether Pan American could give permission to Plastic Process Company to sell the dipstick to other airlines and informed them that in consideration for such permission, Pan American would receive a price concession from the Plastic Process Company (TR. 136). Grindle's supervisors gave him permission to give such a release on this condition (TR. 136). Grindle then wrote the letter (Plaintiff's Exhibits 12 and 13) which is dated June 1, 1948. The original letter was introduced in evidence as Exhibit 12 and the Pan American carbon copy was introduced in evidence as Exhibit 13.

The first paragraph of the letter states that Grindle was enclosing therewith three copies of drawing No. 132.061.114 (Exhibit P) and that a purchase order would be issued for 100 units based on the quotation dated June 6, 1948.

The second paragraph of the letter states that the design of the dipsticks had been altered from the original sample "to incorporate solid blocks in each

end for additional strength." This refers to the 11/32" end plugs which were substituted for the 1/16" end plates in drawing D-32.061.114 after the destruction test had been completed on the original production sample delivered by Welch.

The second paragraph of the letter of June 10, 1948, also stated that the assumption was made that the use of solid plastic blocks in the ends would not increase the cost of the dipsticks more than 25c per unit. The drawing D-32.061.114 previously called for 1/16" end plates and, therefore, the 25c was added to the \$3.00 quotation made by the Plastic Process Company to take care of the increase in cost (TR. 129 and 133).

The third paragraph of the same letter stated that Grindle was sending an original graduation chart to Welch under separate cover to avoid damage. The chart was to be used by Welch for reproducing scales for the dipstick (TR. 133).

The fourth and fifth paragraphs of the letter of June 10, 1948, read as follows:

"This liquid column type dipstick was developed to satisfy our needs for an accurately calibrated, durable airplane fuel quantity measuring device which can be read easily under all operating conditions. In testing the durability of the sample stick, we threw it to the concrete hangar floor from a height of twenty feet with full force, to obtain an accelerated service test of repeated dropping from the airplane wing. After the ninth time it cracked the end, therefore, although it far exceeded our expectations,

we have incorporated solid plastic blocks in the end to make it even more durable. The cellulose acetate butyrate plastic sticks will undoubtedly far exceed the durability of the wooden sticks now used by us and most airline operators, due to its high resistance to impact, abrasion, hydrocarbons and discoloration.

There should be a demand for this plastic stick among other operators and merely by changing the calibration slip, it could be adapted to aircraft types other than the DC-4."

These paragraphs of the letter explain why the dipstick was developed and some of its more salient features and characteristics. They also explain why there should be a demand for the dipstick among other airlines (TR. 134).

The fourth paragraph of the letter also clearly corroborates Grindle's testimony concerning the destruction test made on the sample production dipstick submitted by Welch.

The sixth and last paragraph of the letter reads as follows:

"This letter will constitute release of the design to you to market as you see fit."

In this paragraph Grindle intended to give the Plastic Process Company, Pan American's permission to sell the dipstick to other airline users, but did not intend to convey any of his own personal rights such as patent rights that he might have in the invention (TR. 137 and 323). At that time, Grindle was well aware that Pan American had practically no interest

in patents on production items since they were not manufacturers. Grindle was also well aware that it was the patent policy of Pan American to merely retain a shop right in the invention even though the invention may have been developed completely at company time, and for that reason he would have patent rights in the dipstick he had invented (TR. 138).

The Pan American carbon copy of the letter of June 10, 1948, differs from the original copy of the letter in that the Pan American office copy shows the blind distribution. The Pan American office copy also contained the special note telling the Pan American Divisions that one of the production dipsticks would be sent to each of them for comment and possible use and mentioned that the dipstick would cost approximately \$3.00 each (TR. 133). This note definitely indicates that Grindle was of the opinion that Pan American was to receive a price consideration and that the dipsticks would continue to cost approximately \$3.00 each. The price consideration for the release given to the Plastic Process Company was not stated in the body of the letter because Grindle did not want other prospective customers of the Plastic Process Company to know that Pan American was to receive a reduced price (TR. 136).

Welch contended that the release given in the letter of June 10, 1948, was unsolicited and was given gratuitously (Welch deposition, Exhibit 34, page 2, lines 8-9). It is clear, however, from the letter of June 9, 1948, written by Welch to Plastic Process

Company that such permission was requested. It is also submitted that a large corporation such as Pan American does not ordinarily give such a release gratuitously and without being asked.

It should be noted that the letter of June 10, 1948, was addressed to the Plastic Process Company, Inc., and the release given therein was given to the Plastic Process Co., Inc., and not to Welch as an individual. At this time Grindle did not know that Welch was going to undertake the manufacture of the dipstick themselves but was of the opinion that the Plastic Process Company was going to make the dipsticks. Welch was only a representative of the Plastic Process Company and not an employee (TR. 605).

The issuance of the Pan American purchase order to the Plastic Process Company.

On June 21, 1948, Pan American's purchase order No. 30-3017541 (Exhibit 11) was issued to the Plastic Process Company. The order called for 100 C-54DC fuel tank dipsticks at a price of \$3.25 each. The purchase order states it is confirming to Mr. Welch indicating that a requisition had already been sent to Welch. A copy of drawing D-32.061.114 (Exhibit 12) was enclosed with the order. The purchase order shows a delivery of one month which indicates that Welch had promised to deliver the dipsticks within one month after receipt of the order (TR. 455).

9. Planning at Pan American to prepare for the receipt of the order of dipsticks.

On June 14, 1948, Grindle wrote a letter (Exhibit 14) to the Division Operation Manager telling him the preparations that would be required to use the new type liquid column plastic dipsticks. Grindle wrote another letter (Exhibit 15) dated June 22, 1948 to all Station Operation Managers, all Chief Mechanics and all Flight Engineers stating the changes required in the Maintenance Manual and Operation Manual maintained by Pan American to implement the use of the new type dipstick. The letter also stated that Pan American planned to place one of the new type dipsticks aboard each airplane starting August 1, 1948.

These letters show that well prior to the date the dipsticks were to be put into use, the people involved at Pan American had been fully instructed in their use.

10. Welch's steps in producing dipsticks.

After receiving the purchase order from Pan American, Welch sent his purchase order (Defendant's Exhibit L) to the Plastic Process Company. The purchase order was dated June 23, 1948, and was forwarded with a letter (Defendant's Exhibit K) also dated June 23, 1948. The first paragraph of the letter confirms that Welch had promised delivery within three or four weeks. The letter also states that the print (Defendant's Exhibit P) called for an 11/32" plastic plug and asked for all information or suggestions.

ions as to how to best assemble the dipstick. A letter (Defendant's Exhibit T) from the Plastic Process Company to Welch dated June 28, 1948 stated that the Pan American dipstick order would be shipped that week.

During the time Welch was filling this first order, Welch informed Grindle of the trouble he was having in printing up the scales for the 100 dipsticks ordered by Pan American. Welch told Grindle that he had difficulty with the printing plate and that it would be very expensive to make another one. Welch stated that he could not tolerate such an expense in connection with the Pan American order (TR. 691). Grindle then told Welch that Pan American had facilities of its own so he could make the charts for him. Grindle had several hundred copies of the charts made on a Multilith machine at Pan American. The charts were in three sections because of the size of the Multilith machine. These charts were given gratuitously to Welch (TR. 692).

Welch, on direct examination, testified that the initial charts for the dipsticks was made by Mr. Frank Burke of the Independent Press Room (TR. 459). However, this testimony is directly contrary to testimony in his deposition (TR. 595-598).

Welch also testified that he had difficulty in sealing or plugging the ends of the dipsticks and for that reason delivery was delayed from July 21 to August 12, 1948 (Tr. 437). Instead of using end plugs as specified in Grindle's drawing D-32.061.114, Welch, indicating his lack of knowledge of plastics, tried fill-

ing the ends of the dipsticks with cellulose acetate butyrate cement (TR. 473). Since this cement was comprised of a large percentage of solvent which evaporated upon drying of the cement, the ends of the dipstick were drawn in and distorted (TR. 473). Grindle realized that Welch was having trouble sealing the ends of the dipsticks but considered that it was due to his mechanical inaptitude (TR. 201).

In attempting to properly seal the ends of the dipstick Welch consulted several plastic companies including a Vernon C. Rollins hereinafter called "Rollins," of Monsanto Chemical Company (TR. 474). Rollins suggested the use of a plurality of thicknesses of sheet material for sealing the ends of the tube (Tr. 297-298). Welch secured some sheet plastic and caused a plurality of thicknesses of sheet material to be cut out to the conformation suggested for the end plugs in detail 6 of Grindle's drawing D-32.061.114 (TR. 475). These were laminated together to form end plugs of substantially the same thickness recommended by Grindle's drawing D-32.061.114 (Defendant's Exhibit P). Also see patent No. 2,534,644, column 2, lines 21-31 for a description of the manner in which the end plugs were made. These laminated end plugs serve the same function as the solid plugs shown in Grindle's drawing D-32.061.114 in that they serve to keep to a minimum the amount of cement required to seal the ends of the dipstick. Thus, when the solvent evaporates as the cement dries, the ends of the dipstick are not drawn in or distorted. This is because the percentage of solvent relative to the total mass filling the ends of the dipstick is very small.

1. Receipt of the first production dipsticks by Pan American.

Welch delivered 54 of the dipsticks on Pan American PO 30-3017541 on August 12, 1948. On a Receiving Report No. 49986 (Plaintiff's Exhibit 17) dated August 12, 1948, 47 of the dipsticks were received. The receiving report bears a notation that the other 7 dipsticks were rejected. Receiving Report No. 49700 (Plaintiff's Exhibit 16) states that the 7 dipsticks were rejected because the scales were improperly located in the tubes. The receiving report No. 49700 shows clearly that the 7 dipsticks were rejected because of improper location of the scales which would indicate that the first dipsticks were supplied with the sectional scales made by Pan American rather than the one piece scales made by the Independent Press Room as testified by Welch (TR. 459). Grindle, at the time Welch delivered the first dipsticks to Pan American on August 12, 1948, expressed dissatisfaction with the distorted ends but did not reject the dipsticks for this reason since they were still functional (TR. 126).

The delivery of the 54 dipsticks by Welch was two weeks after the deadline set by Pan American (TR. 141). Under the original schedule set up, it had been planned that the dipsticks would have been distributed and placed in use around the world prior to August 1, 1948 (TR. 141).

2. Public use of the dipsticks more than one year prior to August 17, 1949.

Immediately after the dipsticks were received on August 12, 1948 by Pan American, Grindle took sev-

eral of the acceptable dipsticks to the Pan American equipment shop and instructed them to immediately put the new type dipsticks on the airplanes. From that day on every Pan American airplane that left San Francisco had the new type dipstick on it. Grindle took several of the dipsticks to the flight engineering office and left them with the flight engineers (TR. 143).

The dipsticks delivered by Welch on August 1, 1948 were made in accordance with Pan American drawing D-32.061.114 (Defendant's Exhibit P) with the exception of the plugs in the ends. The ends were filled with cement rather than being filled with plugs as required by the drawing (TR. 143).

13. The "A" change on Pan American drawing D-32.061.114

Shortly after the first dipsticks were received on August 12, 1948, Grindle caused a change to be made to drawing D-32.061.114 which is the "A" change shown in the upper right hand corner of the Pan American drawing D-32.061.114 (Plaintiff's Exhibit 8). The "A" change was made so that the dipsticks delivered by Welch could be accepted by the receiving department.

Since the dipsticks were not made in accordance with the drawing, they could not have been received without the explicit approval of Grindle unless the drawing was changed (TR. 322). The end plugs or blocks were deleted by the "A" change in the drawing and the change called for the ends of the dipsticks to be filled with cement (TR. 322). The change in the

drawing had to be made in this manner because under Pan American procedure, after the drawing had been officially released on June 7, 1948, a change letter had to be prepared and changes made had to appear on the drawing (TR. 110). Pan American made this change to their drawing merely to accommodate Welch and for no other reason.

k. Price increases granted to Welch.

The first dipsticks delivered by Welch were for the -54 transport and those dipsticks became a stock item as soon as they were accepted and placed in stock. Pan American then set up a minimum stock order point and automatically reordered dipsticks for the -54 planes as needed (TR. 148).

Shortly after the first dipsticks were delivered by Welch, Pan American received some new airplanes, the Boeing Stratocruiser B-377 and Grindle had a new drawing made up showing the dipstick assembly to be used for the B-377 plane together with the calibration chart. A copy of this drawing appears in the patent application file (Exhibit H-1). Grindle then initiated a requisition for the first order of Boeing dipsticks (TR. 149).

Prior to the placement of the second order for the dipsticks with Welch by Pan American, Welch came to Grindle's office and stated that he was not doing so well in manufacturing the dipsticks and had actually lost money in making the first dipsticks for Pan American (TR. 149). Grindle then stated that Pan American was not interested in having Welch lose

money because if that were true he would not be able to supply dipsticks to Pan American for any length of time. Grindle then asked Welch how much he needed for making the dipsticks and Welch replied that he did not have all of his cost figures. Grindle then volunteered a price of \$3.80 and asked him if he could make out all right on that. Welch stated that such a price would be fine. The second requisition for the dipsticks for the Boeing airplane was therefore issued for \$3.80 each (TR. 149).

Sometime after Welch had delivered the dipsticks for the Boeing aircraft at \$3.80, he again came to Grindle's office and stated that he was still not making any money and asked if he could raise the price. Grindle replied that if Welch was going to raise the price again he would have to explain it in writing when it was necessary. Grindle stated that he was working for Pan American and, therefore, could not encourage Welch to raise his prices (TR. 151). Welch then wrote a letter (Exhibit 20) to Pan American dated February 10, 1949 explaining that he wanted to increase the prices on the dipsticks.

This letter of February 10, 1949, gives the past history of the price increases on the dipsticks and states that in consideration of the cooperation given by the Pan American engineering department a price of \$3.50 was charged for the first dipsticks supplied to Pan American. This reaffirms Grindle's testimony that Pan American was to receive a price consideration for the permission to sell to other airlines given in the letter of June 10, 1948.

Welch in the same letter explained that the production of the first 100 dipsticks resulted in a loss and that the second 100 dipsticks furnished to Pan American at \$3.80 also resulted in a loss. Welch stated that since delivering the dipsticks for the last Pan American order, he had made a complete cost survey and arrived at the conclusion that to make the business profitable he would have to sell the dipsticks for a list price of \$6.50 each. He also stated that he had set up a price of \$5.00 for each dipstick for sales to the Government and for sales to manufacturers and distributors. He stated that he would furnish the dipsticks to Pan American for the wholesale price of \$5.00 each thereby giving Pan American a price consideration of \$1.50 for each dipstick. This also reaffirms Grindle's testimony that Pan American at all times was to receive a price consideration (TR. 152).

After receiving the letter of February 10, 1949, from Welch, Grindle wrote a letter (Exhibit 21) dated February 25, 1949, to the other Pan American divisions stating that the price on the dipsticks was to be \$5.00 each to Pan American only and that other users would pay \$6.50 each. The letter also states that the special price to Pan American was due to Pan American's development assistance and that the price would hold firm on all Pan American orders (TR. 153).

15. Grindle's transfer from the Engineering Department at Pan American.

On June 1, 1949, Grindle was promoted to the position of Technical Assistant to the Chief Flight Engineer. From that time on Grindle had nothing to do

with the design and procurement of dipsticks by Par American (TR. 155-156).

**D. THE FILING OF THE PATENT APPLICATION BY WELCH
THE ISSUANCE OF PATENT NO. 2,534,644, THE DISCOVERY
BY GRINDLE AND GRINDLE'S STEPS SUBSEQUENT
THERE TO.**

1. The filing of the patent application and issuance.

Welch caused a patent application to be prepared on Grindle's dipstick and falsely swore under oath that he was the original and first inventor or true inventor. The application was filed on August 17, 1949 and issued on December 19, 1950 (see soft copy of patent—Plaintiff's Exhibit 2).

2. Welch's falsely dated drawing.

The patent application was prepared by a Mr. Baldwin Vale and Mr. Vale's patent application file (Defendant's Exhibit H-1) contained a copy of a drawing (Defendant's Exhibit R-1) dated May 12, 1948. Welch testified that Klein had made the drawing at his request (TR. 550). On direct examination, Welch was unable to recall when the drawing was completed but stated that the drawing must have been made around June of 1948 because the drawing shows square and grooves rather than round grooves (TR. 552). The following contradictory testimony appears on page 4 beginning with line 11 of the Welch deposition (Exhibit 34):

“Mr. Hohbach. Q. Who was the draftsman for this drawing?

A. Lou Klein, my next-door neighbor. I have already furnished you with the address.

Q. When was the drawing made up?

A. When we were making up the dipstick. At the time we made up the first sample.

Q. I see it is dated May 12, 1948. Was the drawing made up on that date?

A. Well, *I certainly would assume that it is the day I signed the drawing.*" (Emphasis added.)

"Q. That would mean that the drawing was made up prior to that, is that correct?

A. *It would have to be made up prior to the day I signed it, prior to the moment I signed it.*" (Emphasis added.)

From this it is apparent that Welch testified that the drawing was made up on or before May 12, 1948, the date which it bore. Welch, however, admitted on direct examination that he had falsely dated the drawing and that it was not made up on or before May 2, 1948 (TR. 554).

Defendant's witness, Klein, also was unable to recall when the drawing was made (TR. 532). Klein stated that the drawing would have had to have been made before the fillers with radial grooves were made which would have been before he saw fillers with radial grooves at Shaffer's mills (TR. 532). Klein, however, was unable to recall that this was a fact but merely stated this contention was based on his opinion that he considered himself a perfectionist and that if the wood fillers with radial grooves had been used at the time he made the drawing, he would have shown radial grooves (TR. 532).

It is submitted that the drawing was falsely dated by Welch for reasons hereinafter given and that the drawing was actually made at a much later date to convince Mr. Baldwin Vale, Welch's patent agent, that Welch was the inventor of the dipstick instead of Grindle. Klein's assumption that he would have shown radius grooves instead of square cut grooves if radius grooves had replaced the square cut grooves in the fillers certainly does not establish the fact that the drawing was made by a certain date. In addition there is no corroborating evidence as to when the grooves in the fillers were actually radiused. Klein and Welch's testimony that the grooves in the fillers were radiused at a certain time is based only upon a receipt from Shaffer's mill (Exhibit Q) which merely states that the Plastic Process Company was billed for 500 lineal feet of wood cut to a "pattern." This pattern easily might have been a pattern with square cut grooves rather than radial grooves.

The falsely dated drawing bears the notation "Print No. 5." Welch admitted that there were no other previous prints and that he had merely added the notation to add prestige to the drawing (TR. 554).

After Welch retrenched from the position that the date of May 12, 1948 was the date the drawing was made, he testified that the date of May 12, 1948 was supposed to represent the date he conceived the main parts of the dipstick (TR. 554). This is also untrue because the drawing shows much more than Welch had knowledge of on May 12, 1948, or by June 1, 1948 (TR. 598-603).

Welch contended that he was not aware on May 12, 1948, that end plugs were required for sealing the ends of the dipstick (TR. 570), yet end plugs are definitely shown on the drawing. Klein testified that the end plugs in the drawing were shown in no particular manner (TR. 540) and stated that the parallel lines just represented shading (TR. 540).

It is submitted that the drawing actually shows laminated end plugs of which Klein had knowledge, but not until a date much later than the time he testified the drawing was made (TR. 540).

Welch testified that one of the first types of laminated plugs used by him consisted of as many as eight laminations (TR. 475). The end plugs in the drawing show the use of approximately 7 or 8 laminations (TR. 606). Since Welch admitted that he did not begin using laminated end plugs until the latter part of October or the first part of November, 1948 (TR. 499), it is apparent that the falsely dated drawing must have been made after that date (TR. 696).

Klein testified that the cross sectional view of the assembly drawing (Exhibit R-1) of the dipstick was his own peculiar way of doing things (TR. 540). However, attention should be called to the amazing similarity between the assembly view shown in Grindle's drawing D-32.061.114 and the assembly view shown in the Klein falsely dated drawing. By the time the Klein drawing was actually made, Welch had received several copies of drawing D-32.061.114. It was therefore very possible that Klein could have seen one of these

copies of the drawing before he made up the drawing dated May 12, 1948.

The falsely dated Klein drawing also shows a dipstick of the valve control type. On cross-examination Welch testified that he could not recall the time when he first considered such a device (TR. 599). Welch, however, in his deposition recalled a conversation with Grindle concerning the use of dipsticks utilizing a Shrader type valve and that Grindle furnished him with one of the valves at that time (Exhibit 34, page 47, lines 3-7). Welch also stated that the conversation could have taken place at any time from 1948 well through 1951 and admitted that it was safe to assume that the conversation took place after he had gotten into the production of dipsticks (Exhibit 34, page 47, lines 7-26). Since Welch did not deliver his first dipsticks to Pan American until August 12, 1948, this would place the conversation concerning the Shrader type valve after August 12, 1948. Klein admitted that Welch had suggested the valve control model to him when he was making up the drawing (TR. 694) which would mean that Klein made up the drawing some time after August 12, 1948.

Welch at no time testified to what particular use he wished to make of the drawing which he had Klein prepare. It is submitted that the falsely dated Klein drawing was made up for the specific purpose of claiming the dipstick Grindle had developed. By presenting an earlier dated drawing to his patent agent, Mr. Baldwin Vale, Welch would be able to claim that the dipstick invention was his even though all of he

ther drawings then in existence on the dipstick bore the name of Eugene L. Grindle, as designer.

If this were the case, it is safe to assume that the drawing dated May 12, 1948 was made up in the early part of 1949 because the earliest contact Welch could establish with Mr. Vale was Welch's check dated February 7, 1949 which was used to pay for a patent search. Welch admitted giving a copy of the Klein drawing to Vale (Welch's Deposition, Exhibit 34, page 2, line 26 to page 53, line 1). A copy of the Klein drawing is in Vale's patent file (Defendant's Exhibit 1-1). In the patent file is also a copy of the Pan American drawing bearing a date of February 4, 1949 (TR. 556) covering the dipstick which Grindle had designed for the Boeing B-377 aircraft. By use of the earlier and falsely dated Klein drawing, Welch could easily claim that it was his invention involved in the dipstick and not the invention of anyone connected with Pan American.

It is submitted that it is inescapable from the evidence to arrive at the conclusion that Welch falsely dated the Klein drawing so that he could claim that he was the true inventor of the dipstick.

GRINDLE DID NOT DISCOVER THAT WELCH HAD PATENTED HIS DIPSTICK UNTIL SEPTEMBER 28, 1953.

It did not come to Grindle's attention until September 28, 1953 that Welch had patented the dipstick which Grindle had disclosed to him. On September 28,

1953, Grindle was called to witness a calibration check on the fuel tank quantities of the B-377 aircraft (TR. 156). When Grindle arrived at the scene of the test William R. Burfeind, hereinafter called "Burfeind" who was in charge of the test, happened to notice that the dipstick he was using bore a patent number and called it to Grindle's attention (TR. 157, corroborated by Burfeind TR. 653).

This was the first knowledge Grindle had that Welch had patented the dipstick and it came as a complete surprise to him (TR. 158, corroborated by Burfeind TR. 654). Burfeind was able to verify that the test took place on September 28, 1953 from the rough draft of the test data that had been prepared during the test and which he had with him in court (TR. 654).

F. GRINDLE'S ACTIONS AFTER HIS DISCOVERY THAT WELCH HAD PATENTED HIS DIPSTICK.

1. Grindle's call to Welch.

After discovering that Welch had patented the dipstick which he had disclosed to him, Grindle at his earliest opportunity called Welch and asked him what right he had to patent the dipstick. Welch informed Grindle that it was no business of his and that the dipstick was his invention (TR. 161).

After discovering Welch's hostile attitude, Grindle dug out the old files at Pan American and found that the files had actually been inactive from the time that he had last been on the project up to the time that Burfeind had started the calibration test (TR. 16).

Welch's overcharges to Pan American.

In going through the files, Grindle found Welch's letter dated February 10, 1949 (Plaintiff's Exhibit 10) in which Welch had agreed to sell dipsticks to Pan American for \$5.00 each (TR. 162). Grindle then checked with the supply department and found that Welch, contrary to his agreement, had gradually increased the prices of the dipsticks from the agreed price of \$5.00 until he was charging \$12.50 (TR. 162). Prior to this discovery, Grindle had no knowledge that Welch had increased the prices on the dipsticks (TR. 163).

As soon as Grindle discovered the tremendous overcharges Welch was making on the dipsticks, he took the files to Mr. George Fox, the legal officer at Pan American. After a check with the accounting department, it was found that the Welch overcharges to Pan American in a two year period were over \$10,000.00 (TR. 162). Mr. Fox in examining the overcharge situation found that each time that Welch had increased the price on the dipsticks he had notified the supply department at Pan American and that the supply department subsequent thereto had issued purchase orders. Mr. Fox considered that this was tacit approval of the price increases and that, therefore, Pan American would have difficulty in recovering the overcharges in court (TR. 164). The supply department personnel at Pan American had never been informed of the price agreement and for that reason did not realize that Welch was overcharging Pan American (TR. 164).

Mr. Fox informed Grindle that since Pan American was not interested in pursuing the overcharge question, they would not be interested in pursuing the patent question for Grindle and that therefore Grindle would have to pursue that question himself (TR. 316).

3. Grindle's formation of an intent to manufacture and sale of dipsticks and preparation for the manufacture and sale of dipsticks.

When the overcharge matter came up, Pan American made a cost study to determine whether it was feasible for them to go into the manufacture of dipsticks for their own use (TR. 315). After reviewing the cost study, Pan American decided they would not go into the production of dipsticks (TR. 316). After Pan American made this decision, Grindle made his own independent study to see whether it would be feasible for him to go into the manufacture and sale of dipsticks (TR. 315). After completion of his own cost study, Grindle decided in October 1953 to go into the manufacture and sale of dipsticks, particularly to Pan American (TR. 167).

As soon as Grindle had completed a special design project (TR. 317) he consulted with his patent attorneys on the possibility of taking action against Welch for fraudulently patenting his invention. He also discussed with them his undertaking the manufacture and sale of dipsticks (TR. 317). His patent attorneys asked that he obtain a release from Pan American on the invention because such a release in writing would be desirable if legal action was to be taken against

Welch (TR. 318). Grindle requested a release and received a document (Defendant's Exhibit A) which stated that all rights in the dipstick belonged to Grindle, with the exception that Pan American retained a shop right (TR. 226). The release also stated Pan American's policy in connection with inventions made by its employees which was an expression of policy that has been in existence at Pan American for many years (TR. 138). Grindle was aware of this policy long before he made the dipstick invention (TR. 138).

After obtaining the release which carried a date of October 6, 1954, Grindle authorized his patent attorneys to write Welch requesting him to assign to Grindle the patent he had fraudulently obtained. After considerable correspondence with Welch's attorney, a conference was held in the offices of Flehr and Swain between Grindle and Welch, their respective attorneys being present (TR. 166). After some initial discussion, Welch stated that he would not assign the patent to Grindle. Mr. Flehr then asked Welch if he would prosecute Grindle or bring action against Grindle if he were to produce a dipstick made in accordance with Grindle's drawing D-32.061.114 (Plaintiff's Exhibit 4). Welch stated that Grindle could make a dipstick in accordance with the extrusion drawing (Plaintiff's Exhibit 6) but that he would enforce his patent against Grindle if Grindle undertook the manufacture and sale of dipsticks made in accordance with Grindle's drawing D-32.061.114 (Plaintiff's Exhibit 8) (TR. 166). After the conference, Grindle authorized the filing of a suit against Welch.

Prior to bringing legal action against Welch, Grindle took all possible steps to prepare his corporation Deterjet Corporation, organized in 1951, for the manufacture and sale of dipsticks. Grindle immediately gave an oral license to the corporation to manufacture and sell dipsticks (TR. 319). He knew he could obtain the financing required from a group who had given him financial assistance on other inventions (TR. 319).

By the time of trial Deterjet Corporation had capital resources of approximately \$10,000.00 which was adequate for the manufacture and sale of dipsticks in large quantities (TR. 170). Graduation scales had been produced at an expenditure of approximately \$500.00, tooling had been manufactured to make certain parts of the dipstick and special jigs had been prepared for accurate assembly of the dipsticks. The corporation had solicited and received quotations on all the components required for the dipstick and several production models had been prepared for demonstration to customers (TR. 172). In addition to money expended by the corporation, Grindle had devoted substantially all his free time away from his job at Pan American in launching Deterjet Corporation into the manufacture and sale of dipsticks (TR. 174). Deterjet Corporation at that time was manufacturing and selling a vibrometer (Plaintiff's Exhibit 22) to the airlines and had been doing so for approximately 3 years (TR. 170-171).

**I. THE FINDINGS OF FACT AND CONCLUSIONS OF LAW
MADE BY THE DISTRICT COURT ARE CORRECT.**

The case was tried before the Honorable Edward P. Murphy who had the opportunity to observe the witnesses and to determine their credibility.

As pointed out in the Statement of Facts, there was conflicting evidence on certain issues in the case. Appellant, Welch, testified extensively in his own behalf and the Honorable Edward P. Murphy had ample opportunity to observe the conduct of Welch and to determine the credibility of his testimony.

Judge Murphy, after carefully considering the evidence wrote a Memorandum Order (TR. 54-64) and herein gave the following comments on the facts:

“In 1948 the plaintiff in the instant case, Grindle, an engineer employed by Pan American Airways, developed at the request of his employer a dipstick, or liquid fuel column gauge, which would render more satisfactory service than those then in use. Grindle developed, apparently without knowing of the Hyde and Schmitt patents, a stick which consisted essentially of several measuring tubes, rather than one, joined in a single assembly, and made of plastic. He then contacted the defendant, Welch, at that time a representative for a plastics products firm, and handed him detailed drawings and a mock-up sample of the stick he had designed, for the purpose of securing price quotations from the defendant's employer. Defendant's employer returned the plans with the report that the particular shapes of plastic required to accommodate the plaintiff's design would be too costly to manufacture, and sent along

several items of standard plastic tubing called 'extrusions', to inquire of plaintiff whether they would be adaptable to his needs. After some experimentation and consideration of various alternative expedients, plaintiff Grindle devised a dipstick incorporating standard plastic extrusion parts. In all essentials, the dipstick, as finally submitted by plaintiff Grindle to defendant Welch and the latter's employer by means of a complete sketch and mock-up sample was the dipstick incorporated ultimately in Patent No. 2,534,644.

At the time of submission of the plans and mock-up of the dipstick to Welch, Grindle had no thought of patenting the stick, and no desire to keep the device secret for purposes of personal commercial exploitation or for any other purpose. He understood that because of the development work done by his employer, Pan American, through himself the employer would receive a favorable purchase price quotation from the ultimate producer of the stick, whether that producer was to be Welch's employer or Welch himself. There was no disclosure by Grindle to Welch of any confidential nature which could lead to a recompensable breach of trust on the part of Welch.

It appears that during the period of final development of the dipstick, Welch had formed the plan to set himself up in the dipstick manufacturing business. He did so, and commenced to supply dipsticks in conformity with the plans drawn by Grindle. There were two minor variations on the stick as delivered and the stick as designed, and these variations (consisting of the substitution of radial grooves for square cut grooves in the wooden filler which spaced the two plastic meas-

ing tubes inside the over-all square plastic housing tube, and of the substitution of plastic cement fill for the solid end plugs which Grindle had originally designed to shut off the ends of the square housing tube) were accepted by Grindle for Pan American because they had no appreciable effect on the functioning of the dipsticks as designed by Grindle. They were minor details of construction or manufacture, 'bugs' that every manufacturer encounters in the construction of his products, and that are eliminated by altering minor details which leave the product as a whole unaffected. The same is true for the protrusion of the tubes beyond the end pieces. Any skilled mechanic, or any person who has had some experience in working with plastics, could have accomplished the substitution of the cement mass for the end plugs, and the radial grooves for the square cut grooves, as well as the protrusion of the tubes beyond the end seals.

Welch commenced production of the sticks and made his first delivery to Pan American on August 12, 1948. That date marked the beginning of public use of the dipstick. Grindle was soon thereafter assigned to other duties and took no further interest in the dipstick. Thereafter, on August 17, 1949, Welch filed for a patent on the dipstick, swearing that he was the true inventor."

Findings 11 through 35 (TR. 66-70) of the Honorable Edward P. Murphy which cover substantially the same facts as those recited in the quoted portion of the Memorandum Order are amply supported by the evidence and should not be disturbed unless clearly erroneous, especially where the evidence is conflicting

and the credibility of witnesses is involved. *Malloy et al. v. New York Life Insurance Co.* (C.C.A. 1, 1939) 103 F.2d 439; *United States v. Appalachian Electric Power Co.* (C.C.A. 4, 1939), 107 F.2d 769; *Occidental Life Insurance Co. v. Thomas* (C.C.A. 9, 1939), 107 F.2d 876.

O'Brien states in his manual of "Manual of Federal Appellate Procedure", third ed., 1941, page 20:

"Where there is a conflict in the evidence and the court below reached its conclusions by determining the weight of the evidence and the credibility of the witnesses and giving due regard 'to the opportunity of the trial court to judge of the credibility of the witnesses', the Appellate Court will not say that the findings are 'clearly erroneous' 'citing *Cherry-Burrell Co. et al. v. Thatcher* (C.C.A. 9) 107 F.2d 65, 69; *Maryland Casualty Co. v. Star* (C.C.A. 9) 109 F.2d 212, 214; *Dant & Russell v. J. D. Halstead Lumber Co.* (C.C.A.) 103 F.2d 306; *Weber et al. v. Alabama-California Gold Mines Co. et al.* (C.C.A. 9) 121 F.2d 663 . . ."

The Honorable Edward P. Murphy properly rejected the contentions of Appellant, Welch, that he had made substantial contributions to the development of the Grindle dipstick.

Judge Murphy also made the following Conclusion of Law (TR. 71):

"5. Patent No. 2,534,644 is void because the application was not filed by the true inventor.

6. Patent No. 2,534,644 is void because the dipstick disclosed in the patent was in public use for more than one year before the application was filed.

7. Patent No. 2,534,644 is void because the dipstick disclosed in the patent was published in drawing D-32.061.114 more than one year before the patent application was filed.

8. Each of the three claims of Patent No. 2,534,644 is invalid because it fails to define invention over the prior art, particularly Hyde and Schmitt."

It will be shown that these Conclusions of Law were correctly made.

7. PATENT NO. 2,534,644 IS VOID BECAUSE THE APPLICATION WAS NOT FILED BY THE TRUE INVENTOR.

There is no dispute that before Welch met Grindle he knew nothing about dipsticks (Welch's Deposition, Plaintiff's Exhibit 34, page 4, lines 2-3) (TR. 407). There is very little, if any, disclosure in the patent which the Appellant can claim as being of his own conception. (See Statement of Facts in this Brief.) It is undisputed that Grindle had the original concept and developed a mock-up dipstick (replica shown in Plaintiff's Exhibit 5) which could be used as a suitable replacement for the wooden dipstick then used by the Airlines. This mock-up dipstick contained all of the basic features which are disclosed in Patent No. 2,534,644. From this mock-up it is readily apparent that it was Grindle who conceived the original idea of enclosing a paper scale mounted on a wood filler within a plastic body and providing holes for fluid columns adjacent these scales so that when fluid was lifted from the tank by closing the holes a reading could be made against the adjacent scale.

Grindle redesigned the dipstick around the standard extrusions suggested by Kerr and had drawing D-32.061.114 made up (TR. 105-111). The dipstick shown in drawing D-32.061.114 is substantially identical to the dipstick shown in the patent drawing except that in the patent drawing the grooves are radiused instead of being square and the end plugs are laminated instead of being solid.

Kerr's suggestion to use the standard extrusion in itself was merely of a type to make the manufacture of the dipstick more economical and did not amount to invention. "Walker on Patents" (Deller's Edition page 143; *Risdon Locomotive Works v. Medart* (1895) 158 U.S. 68.

Even if we view the testimony of the Appellant and his witnesses in the most favorable light, it was Kerr who suggested the use of the standard extrusions consisting of two round tubes and a square extrusion in place of the single extrusion proposed by Grindle in his drawing A-14.123.116. Therefore, Welch cannot claim this suggestion to be his contribution. Again, viewing the testimony of Appellant and his witnesses in the most favorable light, it was Kerr who suggested the use of a wood filler with radiused grooves to accommodate the round tubes. Welch therefore cannot claim that this was his contribution.

End plugs for sealing the ends of the dipstick were used on Grindle's first satisfactory mock-up dipstick (as represented by Plaintiff's Exhibit 5). End plugs were also disclosed in Grindle's drawing D-32.061.114 (Defendant's Exhibit T) which were submitted o

Welch. Welch contended that originally he did not know that end plugs were required but admitted that he received this information from Grindle (TR. 607-609). Therefore Welch cannot claim this to be his contribution. Forming the end plugs out of a plurality of laminations was suggested by Rollins (TR. 297-298) and therefore Welch cannot claim this to be his contribution. There was no testimony as to who suggested the use of a nail for holding the laminations in place. Welch on cross-examination admitted that he had never used a nail for holding the laminations in place in any of the dipsticks he manufactured and sold (TR. 616). It is, therefore, apparent that the use of a nail in this manner is unimportant.

From the foregoing, it is apparent that Welch did not conceive or develop any of the material portions of the liquid measuring gauge shown in the patent No. 2,534,644. The patent is therefore void because Welch falsely swore under oath that he was the original and first inventor of the liquid measuring gauge disclosed herein (35 U.S.C. 115).

PATENT NO. 2,534,644 IS VOID BECAUSE THE DIPSTICK DISCLOSED IN THE PATENT WAS IN PUBLIC USE FOR MORE THAN ONE YEAR BEFORE THE APPLICATION WAS FILED.

A. IN GENERAL.

The patent application for patent No. 2,534,644 was filed on August 17, 1949. It is well established that public use of the invention disclosed in the patent began on August 12, 1948 (TR. 141-143). Since the in-

vention was publicly used for more than one year prior to August 17, 1949, the date of filing of the patent application, the patent is clearly invalid under the Patent Statutes, 35 U.S.C. 102; *Algren v. Kilinski* (C.A. 2, 1952), 197 F.2d 69.

B. WELCH ADMITTED THAT CLAIM 1 WAS INVALID FOR PUBLIC USE.

In the Answer (TR. 11-12), Welch admitted that he delivered dipsticks as defined in Claim 1 of the patent and that Pan American publicly used the same. Welch in the Answer (TR. 12-13) also admitted that Claim 1 of the patent was invalid because the invention defined therein was offered for sale, sold and publicly used in this country more than one year prior to the date of application for patent. Welch, in the Answer (TR. 13), however, denied that Claims 2 and 3 of the patent were invalid.

C. CLAIMS 2 AND 3 OF PATENT NO. 2,534,644 ARE INVALID BECAUSE THEY DO NOT DEFINE INVENTION OVER THE DIPSTICKS WHICH WERE PUBLICLY USED MORE THAN ONE YEAR PRIOR TO THE FILING OF THE PATENT APPLICATION.

Welch admitted that the first dipsticks which were publicly used by Pan American before August 17, 1949 were delivered to Pan American on August 12, 1948 (TR. 496). The ends of these dipsticks were packed with cellulose acetate butyrate and no blocks or laminations were used (Welch Deposition, Plaintiff's Exhibit 34, page 37, line 14 to page 38, line 13). These

dipsticks were made in accordance with Grindle's drawing D-32.061.114 (Defendant's Exhibit P) except for the fact that the ends were sealed with cellulose acetate butyrate cement rather than with blocks as called for on the drawing (Welch Deposition, Plaintiff's Exhibit 34, page 39, line 19 to page 40, line 13).

The ends of the dipsticks delivered on August 12, 1948 by Welch were distorted which was caused by vaporation of the solvent during drying of the cement (TR. 473). To decrease the volume of cement required, Welch utilized a plurality of laminations and formed them into a plug as suggested by Rollins (TR. 475 and 297-298). The use of these laminated end plugs is disclosed in the patent No. 2,534,644 and claimed in claims 2 and 3 of the patent. Claim 2 calls for

"laminated plugs hermetically sealing the opposite ends of said body and consisting of superimposed layers of sheet material fitting the contours of said ends with adhesive cement interposed between said layers which will exude and adhere to said body when said plugs are compressed against the ends of said reinforcing bar."

Claim 3 uses similar language in claiming the end plugs but also calls for

"nails extending through the said plugs in opposite ends of said body and penetrating the ends of said reinforcing bar and having heads bearing against said plugs for compressing said plugs when said nails are driven into the opposite ends of said bar respectively."

It is submitted that Claim 2 is invalid because it does not define invention over the dipsticks which were

publicly used more than one year before the filing of the application for patent. Grindle's drawing D-32 061.114 (Defendant's Exhibit P) originally called for sealing the ends of the dipstick with 11/32" block cemented into the ends of the dipstick. Grindle, as an expert, testified that blocks of this thickness could be made numerous ways none of which could be considered to amount to invention. He stated that they could be extruded, machined, molded or made up of a plurality of laminations cemented together to form a block (TR. 123-124). Grindle testified that laminations had been used extensively in the aircraft industry and other industries for many years and that in his opinion forming a block of material from several laminations or layers of material was merely a mechanical expedient and certainly did not arise to the dignity of invention (TR. 123 and 184). The Honorable Edward P. Murphy properly held that

"the variations claimed in Claims 2 and 3 of the patent were changes of a sort which any mechanic, in or out of the plastics field, might have devised in the course of construction." (TR. 59).

The courts have repeatedly held that a change of form or the exercise of an expedient common to many diverse arts amounts to no more than the exercise of mechanical skill. *Market Street Company v. Roly* (1895), 155 U.S. 621, 15 S. Ct. 224, 39 L. Ed. 28; *Schinks Service v. Jones* (C.A. 9, 1949), 173 F.2d 90; *Emmet v. Metals Processing Corp.* (C.C.A. 9, 194), 118 F.2d 796; *Palmer v. Kaye* (C.A. 9, 1950), 185 F.2d 330.

Claim 3 differs from Claim 2 mainly in that it calls for nails extending through the plugs and penetrating the ends of the reinforcing bar or filler. The specification in the patent states that the nail has a dual purpose in that it serves to hold the dipstick off of the bottom of the fuel tank and prevents sediment from getting into the dipstick, and also serves to hold the terminations together (TR. 186).

The use of a nail in this manner is objectionable for several reasons (TR. 187, 700). Welch himself admitted that he had never made dipsticks with a nail (TR. 616). A claim in a patent must define an improvement having utility or it is invalid. 35 U.S.C. § 101; *Gillette Safety Razor Co. v. Windsor Manufacturing Co.* (C.C.A. 3, 1938), 97 F.2d 49. Since the use of such nails would be objectionable and since the nails have little, if any utility, Claim 3 is invalid on this ground alone.

Claim 3 is also invalid for the same reasons that Claim 2 is invalid. The mere use of a nail to hold a laminated structure in place certainly cannot amount to invention (TR. 187). *Vulcan Corporation v. Slipper City Wood Heel Co.* (C.C.A. 6, 1937), 89 F.2d 109.

VI. PATENT NO. 2,534,644 IS INVALID BECAUSE IT DOES NOT DISCLOSE INVENTION OVER DRAWING D-32.061.114.

Grindle's drawing D-32.061.114 (Defendant's Exhibit P) constitutes prior art as to Welch because it was submitted to him on or about June 10, 1948,

well over one year before Welch filed the application for patent. The drawing was published as to Welch when three copies of it were sent to Welch with the letter of June 10, 1948 (Plaintiff's Exhibit 12). It is well established that published drawings can be considered as part of the prior art. "Walker on Patents" (Deller's Edition), page 269; *Bishop & Balcock v. Western Auto* (C.C.A. 6, 1939), 105 F. 2d 886; *Des Rosiers v. Ford* (C.C.A. 1, 1944), 143 F. 2d 907.

Drawing D-32.061.114 discloses a dipstick which is substantially identical to the dipstick disclosed in patent No. 2,534,644 except for the fact that the drawing discloses a solid end plug instead of the laminated end plugs shown in the patent.

Claim 1 of the patent reads directly on the dipstick disclosed in the drawing and therefore is clearly invalid. Claims 2 and 3 of the patent call for laminated end plugs instead of the solid plugs shown in the drawing. The use of such laminated end plugs is merely a mechanical expedient and does not arise from invention and therefore Claim 2 is invalid. Claim 3 in addition calls for the use of a nail extending through the end plugs and penetrating the ends of the reinforcing bar or filler. The use of such common fastening means cannot amount to invention and therefore Claim 3 is also invalid over the teaching in drawing D-32.061.114. *Vulcan Corporation v. Slipper City Wood Heel Co.*, supra.

VII. EACH OF THE THREE CLAIMS OF PATENT NO. 2,534,644 IS INVALID BECAUSE IT FAILS TO DEFINE INVENTION OVER THE PRIOR ART, PARTICULARLY HYDE AND SCHMITT.

The Honorable Edward P. Murphy, in his Memorandum Order (TR. 54-55), discussed the state of the prior art shown by the Hyde and Schmitt patents as follows:

“A patent issued as long ago as May 26, 1863, to one Hyde (No. 38,681) for a ‘cask gauge’ described the essentials of the gauge as being a tube or cylinder ‘made of transparent glass, or its equivalent, and left open at either end’, enclosed within the center of a square slitted rod ‘made of wood, metal, gutta-percha, or any other suitable material, so that either end of the rod shall be flush with the ends of the enclosed tube’, and with suitable gauging scales marked on the four sides of the enclosing rod, each adapted to a particular type of cask, so that by observing the level of the fluid in the central measuring tube, the content of the cask or vessel could be ascertained. The operation of the device is the same as that used by children playing with straws. The tube is inserted vertically into the liquid to the bottom of the vessel. The operator then closes the top of the tube, either with his finger, or with some sort of valve, and withdraws the tube. The atmospheric pressure on the lower end of the tube, as it is lifted from the liquid, retains the liquid in the tube (up to its point of specific gravity). Hyde in his 1863 patent said:

‘It is evident that the height of the column of liquid thus confined in the tube will indicate the depth of its previous immersion in the

body of the fluid, and by comparing this column with a properly graduated scale the quantity of liquid in any given cask or vessel can be accurately ascertained almost at a glance.'

In 1922 another patent was issued to one Schmitt (No. 1,423,156) for essentially the same type of liquid fuel column gauge, differing only in the manner in which the central measuring tube is supported by the outer structure upon which the graduations are marked, and the slits in the outer structure through which the level of the liquid in the measuring tube may be observed."

The Hyde and Schmitt patents do show that the basic idea of raising a liquid column by means of a hollow transparent tube and reading the height of the column on a properly calibrated scale adjacent the tube is old. It was therefore not error for Judge Murphy to decide that the variations in construction shown in patent No. 2,534,644 were merely mechanical expedients and did not arise to the dignity of invention.

From the foregoing it is clear that patent No. 2,534,644 is void and invalid on several grounds. As stated by Judge Murphy in his Memorandum Order (TR. 59) patent No. 2,534,644

"was void and invalid because not filed by the true inventor; because filed more than one year after the first public use of the product described; because it does not teach invention over the prior art disclosed by the Hyde and Schmitt patents referred to earlier. *Each of these grounds of invalidity is sufficient in and of itself to make clear*

that the patent in question is void and of no effect.” (Emphasis supplied).

VIII. APPELLANT'S OPENING BRIEF.

In the following commentary Appellee will follow Appellant's outline. Section A contains the comment for Appellant's Point I, Section B, the comment for Appellant's Point II, etc.

A. THERE WAS A JUSTICIABLE CONTROVERSY BETWEEN THE PARTIES.

The Honorable Edward P. Murphy correctly found that there was a justiciable controversy between the parties. See Section II, F.3. of this brief for a recitation of the facts which had occurred by the time of filing the complaint on March 25, 1955 and the additional facts which had occurred by the time of trial. An Amended and Supplemental Complaint (TR. 17) was filed and entered on March 1, 1956 under Rule 15(b) of the F.R.C.P. to conform to the evidence.

Under Rule 15(b) of the F.R.C.P., a motion to amend to conform to the proof, can be made at any time after presentation of the evidence has begun and is frequently allowed during the course of trial after the close of testimony. *Great Atlantic and Pacific Tea Co. v. Jones* (C.A. 4, 1949), 177 F. 2d 166; Section 49 *Federal Practice and Procedure*” by Barron and Holtzoff.

Under the decisions, the facts as outlined in Section II, F.3. of this brief, and also as set forth in the Amended and Supplemental Complaint are clearly sufficient to establish that there was a justiciable controversy between the parties. The courts have repeatedly held that actual manufacture, use or sale is not essential and that it is sufficient that the party charged is about to infringe or take some action which is prejudicial to the interests of the patentee. *Tremond Co. v. Schering Corporation* (C.C.A. 3, 1941, 122 F. 2d 702; *General Electric Co. v. Refrigeration Patents Corp.* (D.C.W.D.N.Y., 1946), 65 F. Supp. 7; *Aralac, Inc. v. Hat Corp. of America* (C.C.A. 3, 1948, 166 F. 2d 286; *Crowell v. Baker Oil Tools, Inc.* (C.C.A. 9, 1944), 143 F. 2d 1003; *E. W. Bliss Co. v. Cold Metal Products Co.* (D.C. Ohio, 1955), 137 F. Supp. 676, 108 USPQ 47.

Grindle's act in giving an oral license to Deterjet Corporation was in itself an act of infringement. *Moseley v. U. S. Appliances Corporation* (C.C.A.), 1946), 155 F. 2d 225; *Toppson v. Tippiany Refrigerator Car Co.* (C.C.N.D. Ill., 1889), 39 F. 420; *Trat v. Risdon Iron and Locomotive Works* (C.C.A. 9, 1900), 102 F. 635.

The mere fact that Deterjet Corporation did not have on hand large quantities of plastic extrusions for entry into large scale manufacture and sale of dipsticks certainly was not controlling.

In the recent case of *Crowell v. Baker Oil Tools, Inc.*, supra, in this circuit, Judge Denman noted that the District Court had found that the plaintiff was

not a manufacturer, had no manufacturing facilities, did not have any employees and did not have any machinery with which to manufacture the device which the plaintiff alleged infringed the patent in suit and which he desired to manufacture and sell. He also noted that the District Court found that the plaintiff was not engaged in manufacturing the device which he desired to sell and which he alleged infringed the patent in suit and the plaintiff had no written or oral contract for supplies for manufacturing the devices. Judge Denman then stated for the court that "appellant's making of several infringing devices and his intent to cause the production of more evidenced by his understanding with a friendly company to supply him with the necessary material is sufficient to invoke the right to sue the patent owner under the Declaratory Judgments Act."

The Appellant makes the statement that the decision in *Crowell v. Baker Oil Tools, Inc.*, is generally recognized as being extremely liberal in its findings that an actual controversy existed but cites no authority for such a statement. Actually the *Crowell* case has been followed by a long line of decisions. e.g., *Aralac, Inc., v. Hat Corp. of America*, supra; *General Electric v. Refrigeration Patents Corp.*, supra; *Technical Tape Corp. v. Minnesota Mining & Mfg. Co.* (C.A. 2, 1952), 200 F. 2d 876; *Archer v. United States* (C.A. 9, 1954), 217 F. 2d 543.

The bona fides of Grindle's acts in entering into the manufacture and sale of dipsticks and the bringing of the present action certainly cannot be questioned.

Grindle definitely intended to enter into the manufacturing and sale of dipsticks otherwise it would have been foolhardy for him to have made the substantial expenditure of time and money to cause Deterjet Corporation to prepare for the large scale manufacture and sale of dipsticks and to have made the substantial expenditure incurred by him for legal expenses in bringing his claim for relief (TR. 228).

Grindle had been warned that his proposed action to enter into the manufacture and sale of dipsticks which infringed patent No. 2,534,644 would be considered to be an act of infringement and that Welch would enforce his patent against Grindle. Welch gave this notice to Grindle during a conference between Grindle and Welch (TR. 166). Welch admitted on cross-examination that it was logical to assume that he would object to Grindle's manufacturing and selling dipsticks of the type shown in drawing D-32.061.11 (TR. 630).

Appellant, in his Opening Brief, on page 12, admits that all of his remarks have been directed against the Complaint as originally filed, and that he has ignored the Amended and Supplemental Complaint filed by Appellee. Appellee respectfully submits that it is the Amended and Supplemental Complaint which should be considered rather than the Complaint as originally filed. As pointed out above, the Amended and Supplemental Complaint clearly sets forth facts which constitute a justiciable controversy. The error, if any, in the District Court finding that there was a justiciable controversy between the parties at re

me of filing the original Complaint is cured by the Amended and Supplemental Complaint.

Under the rules, if Appellee's original Complaint had been dismissed for the lack of a justiciable controversy, Appellee clearly would have had the right to file another complaint as soon as a justiciable controversy had arisen. Therefore, Appellant's statement that "Appellee's conduct after March 27, 1955, was self-serving and ineffectual as a curative" is without basis. From the Federal Rules, it is clear that the facts which existed at the time of the filing of the Amended and Supplemental Complaint must be the facts which are to be considered in determining whether there was a justiciable controversy between the parties. Otherwise, the filing of an Amended and supplemented Complaint would be of no value. Certainly, the Federal Rules would not spell out a procedure for a useless act.

**B. APPELLEE'S CLAIM FOR RELIEF CLEARLY
WAS NOT A STALE CLAIM.**

Appellee fails to understand point No. II of Appellant's argument. It would seem that on the one hand the Appellant is arguing that there was no justiciable controversy between the parties (Appellant's point I) and on the other hand, he is arguing that Appellee's claim for relief was a stale claim (Appellant's point II). These two contentions are diametrically opposed to each other. An action for declaratory relief cannot be brought until a justiciable

controversy has arisen and until a justiciable controversy arises, a claim for relief cannot become *stale* (Appellant's term).

A justiciable controversy clearly did not arise until the conference which took place in the offices of Fleish and Swain (TR. 166) in the early part of 1955. The Complaint was filed March 25, 1955. There was such a short time between the time when the justiciable controversy arose and the filing of the Complaint, that there can be no question of a stale claim.

Appellant has apparently confused the issue of whether or not Appellee could bring a claim for relief under the Declaratory Judgments Act together with the non-federal questions which were in the Complaint such as the claims for assignment of the patent and damages. These latter claims may have involved the question of whether or not they were barred by laches. However, since these latter questions have not been appealed by Appellee, they need not be considered by this Court.

Since Grindle could not bring suit to have patent No. 2,534,644 held invalid until a justiciable controversy arose between the parties there can be no question of laches in this case. The facts that the patent issued on December 19, 1950, and that Grindle did not have actual notice of the patent until September 28, 1953 are not controlling.

C. THE LETTER OF JUNE 10, 1948, DID NOT
GRANT ANY PATENT RIGHTS.

Appellant *relies greatly upon* the wording in the letter of June 10, 1948, in which Grindle released the dipstick design to the Plastic Process Company to market as it saw fit. Welch had asked for such a release and it was only given because it was Grindle's belief that Pan American would receive a price consideration (TR. 136).

Appellant makes the assertion that Grindle knew that, under Pan American policy, Pan American owned any asserted invention in the subject dipstick to the extent of Appellee's participation in the conception and making of it, and knew that Pan American would continue to own it until Appellee imported it to grant a release of it, such as the one he obtained some six years later (Defendant's Exhibit A). There is no support whatsoever for this statement in the record. In fact, it is well established that under the policy of Pan American, the invention belongs to the employee and the company has no interest except a shop right in such inventions (TR. 138). Grindle merely obtained the release at request of counsel to clarify any questions which might arise (TR. 225).

Appellant also makes the unsupported statement that if Appellee had no intention of dealing or conveying any possible rights he himself might have had, he had the duty at that time to reserve those personal rights by language inserted in the release or set up in some separate paper delivered to Appellant.

It is untenable that anyone could construe the letter of June 10, 1948, as granting any patent rights to Welch. Certainly the letter of June 10, 1948, could not be construed to give Welch the right to file a patent application in his own name on the very invention which Grindle had disclosed to him.

In addition, it is submitted that Welch could claim no rights under the letter of June 10, 1948, because the release was given to the Plastic Process Company rather than to Welch as an individual. Welch was not an employee of the Plastic Process Company but was something akin to a manufacturer's agent (TR. 60). Welch, therefore, could not claim any rights under the Plastic Process Company.

The letter of June 10, 1948, cannot be relied upon for another reason, in that there had been a total failure of consideration. Welch failed to live up to the price concessions that had been promised Pan American and, therefore, the release is no longer in effect. Welch, for that reason, cannot rely upon this letter to maintain that Appellee is estopped to maintain its claim for relief.

D. WELCH WAS NOT THE TRUE INVENTOR OF THE DIPSTICK.

The adjudication that Welch was not the true inventor was not clearly erroneous.

Appellant in this section (Section IV) of his brief tries to leave the impression that Grindle devised some type of dipstick and uses the word "concept" to describe

pe this type, and that Welch devised, patented and exploited another type of dipstick. Such is not the case, as is clear from the facts.

In the Statement of Facts in this brief, Sections I.B. and II.C., the various steps through which Grindle passed in developing the dipstick, including the production of drawing D-32.061.114, were given.

Appellant throughout his brief erroneously assumes that Grindle's development of the dipstick ceased with the making of a mock-up dipstick (a replica of which is represented by Plaintiff's Exhibit 5), and the preparation of the extrusion drawing (Plaintiff's Exhibit 6) whereas, as a matter of fact Grindle continued with the development of the dipstick and prepared drawing D-32.061.114. As also pointed out in Appellee's Statement of Facts, it was Grindle's invention which was disclosed in drawing D-32.061.114 and certainly not Welch's. If anyone made a contribution toward the commercial embodiment of the dipstick shown in drawing D-32.061.114, it was Kerr, who suggested the use of standard extrusions in place of the special extrusion proposed by Grindle. Welch cannot even claim that he contributed the use of laminated end plugs which are shown in the patent because that suggestion was made to him by Rollins.

Appellant in his Opening Brief on pages 22, 23 and 24 makes a comparison between Claims 1, 2 and 3 of the patent and what he assumes was Grindle's invention. This is misleading because Grindle's final development of the dipstick is shown in drawing D-32.061.114 and not in drawing A-14.123.116 and the mock-up

model (a replica which is shown by Plaintiff's Exhibit 5).

Claim 1 of the patent reads directly on the dipstick shown in Grindle's drawing D-32.061.114 as shown below.

CLAIM 1

	Grindle's Drawing D-32.061.14
A liquid measuring gauge comprising	
a tubular body of transparent material	Yes
a reinforcing bar within said body and	Yes
having grooves therein and	Yes
graduated scales on opposite sides of said grooves;	Yes
transparent measuring tubes within said grooves	Yes
with their opposite ends extending beyond the length of the body; and	Yes
plugs in the opposite ends of and her- metically sealing the ends of said body against the entrance of liquid within said body surrounding said measuring tubes.	Yes

Claim 2 also reads directly on the dipstick shown in the drawing except for the fact that it calls for limited end plugs. The same is true for Claim 3 except in addition it calls for nails extending through the plugs and penetrating the ends of the reinforcing bar.

*With the exception that the tubes only extend out of one end of the body.

These variations are minor details of construction and as expressed by Judge Murphy in his Memorandum Opinion (TR. 59) "were changes of a sort which any mechanic, in or out of the plastic field might have devised in the course of construction."

Appellant's comparison of a Grindle device with Claims 1, 2 and 3 of the patent is also misleading in that Grindle's mock-up dipstick (a replica of which is shown in Exhibit 5) discloses the use of graduated scales and also discloses the use of transparent measuring tubes. The measuring tubes were incorporated in the tubular body.

Appellant in his Brief also tries to give the impression that Grindle's development of a dipstick was merely an idea. It is uncontradicted that Grindle developed certain working models, for example, the mock-up dipstick (a replica of which is shown in Plaintiff's Exhibit 5), and tested them and found them operable.

Appellant passes off lightly the fact that he patented Grindle's invention. Appellant then states that if the patentee has neglected to credit one with inventive contribution of the order that should have caused him to be included as a joint-inventor, the patent statutes plainly make provision for such a contingency." Appellant, however, fails to point out that the statute only makes provision for such a contingency where the joint-inventor was omitted by error and without deceptive intention on the part of the patentee. This is exactly the opposite of the present case in which Welch intended to claim the invention as his own and

falsely swore under oath that he was the true inventor.

E. THE DIPSTICK WAS IN PUBLIC USE.

Grindle clearly established that the first dipsticks delivered by Welch on August 12, 1948, were placed in public use well before August 17, 1948, more than one year before the Welch application for patent was filed on August 17, 1949. Welch himself searched the records of Pan American (surreptitiously without Grindle's knowledge) (TR. 49) and found that there was no doubt that he had delivered his first production dipsticks on August 12, 1948. Claim 1 read directly on the dipsticks which were publicly used and is clearly invalid. Welch himself must have been of this opinion because he filed a disclaimer to Claim 1 (TR. 496-498). Claims 2 and 3 also read directly on the dipsticks placed in public use except for minor details. (See this brief, Section V.)

Judge Murphy properly denied the Appellant's Motion to Reopen the Case for Further Evidence. See the Affidavits of Welch and Burke (TR. 25 and 32) in which Appellant attempts to question the public use established by Grindle and corroborated by Plaintiff's Exhibits 16 and 17. The Affidavits of Elijah V. Frost, Paul S. Stensen, John E. Davidson and Eugene L. Grindle (TR. 37-53) clearly explain any questions raised by the Affidavits of Welch and Burke. The Affidavits explain that no significance can be attached to the fact that the earlier dated receiving report carried a higher serial number than the later dated receiving report.

In addition, the motion to reopen the case was properly denied because the evidence which Appellant sought to introduce was not what is normally termed "newly discovered evidence". "Newly discovered evidence" has been defined as "evidence of facts existing at the time of trial of which the aggrieved party was excusably ignorant" *United States v. Bransen* (C.C.A. 9:1944), 142 F.2d 232.

All of the allegedly newly discovered evidence which Appellant sought to have entered in the case would have been available to Appellant before or during trial if he had made a diligent search for it. The serial numbers of the receiving reports were apparent and the fact that the earlier dated receiving report carried a serial number higher than that of the number of the later receiving report could have been ascertained. The evidence contained in the Affidavit of Francis J. Burke could also have been obtained by Appellant before or during trial. Appellant makes no contention that this evidence could not have been obtained before or during trial of the present action had the Appellant been diligent in attempting to procure the same.

It is well established that a motion for reopening a case will be denied where it appears that the degree of activity or diligence which led to the discovery of the evidence after trial would have produced it had it been exercised prior thereto. *United States v. Bransen*, supra. Appellant is also required to rebut the presumption that there had been lack of diligence. *United States v. Bransen*, supra.

Appellant's motion to reopen the case also must be denied because the alleged newly discovered evidence

would not produce a different result in the case *United States v. Bransen*, supra; *Eastern Airlines, Inc. v. U. S.* (D.C. Del., 1953), 110 F.Supp. 499. At best, the alleged newly discovered evidence is merely cumulative as to the evidence already in the case and is insufficient to warrant reopening the case. *Kitchart v. Metropolitan Life Insurance Co.* (C.C.A. 8, 1941), 118 F.2d 497.

**F. PATENT NO. 2,534,644 IS INVALID OVER GRINDLE'S
DRAWING D-32.061.114.**

Grindle's drawing D-32.061.114 can be used to show that Patent 2,534,644 is invalid on the ground that it does not define invention over the drawing. The drawing was submitted to Welch with the letter of June 10, 1948 (Exhibit 12), and is therefore clear that Welch had knowledge of the subject matter of this drawing well before he filed the application for patent.

**G. PATENT NO. 2,534,644 DOES NOT DEFINE INVENTION
OVER THE PRIOR ART.**

Appellant quotes from Grindle's testimony in which Grindle stated that the "dipstick is still a good functional device. To date, I haven't seen anything better." It is only natural for Grindle to make this laudatory statement since he himself was the inventor of the dipstick. The mere fact that it is a good, functional device does not mean that the device arises to the dignity of an invention.

Appellant's comparisons of the claims of the Welch patent with the Hyde and Schmitt references do not give the Hyde and Schmitt references proper credit.

Hyde and Schmitt both disclose a liquid measuring gage which includes a reinforcing bar (the square rod 1 in Hyde, supports 18 in Schmitt) the reinforcing bar having grooves therein (the grooves in the rod B in Hyde, the viewing slots 20 between the supports 1 in Schmitt), graduated scales (on the rod B in Hyde and on the supports 18 in Schmitt) and a transparent measuring tube (tube A in Hyde, and the tube 11 in Schmitt).

From Appellant's analysis of the Hyde and Schmitt patents, one would erroneously be led to believe that none of these elements shown in the Hyde and Schmitt patents form a part of the dipstick disclosed in the Welch patent.

In addition to the elements listed above, both the Hyde and Schmitt patents show to be old the idea of raising a liquid column by means of a hollow transparent tube and reading the height of the column on a properly calibrated scale adjacent the measuring tube. In view of these facts, it is submitted that it was not clearly erroneous for the Honorable Edward L. Murphy to decide that the variations in construction shown in patent No. 2,534,644 over that shown in Hyde and Schmitt were merely mechanical expedients and did not represent a significant advance in the art.

H. APPELLEE IS NOT GUILTY OF LACHES.

Appellee submits that the question of laches is not before the court in view of the fact that Appellee's appeal from the decision of the District Court has been dismissed with his consent. Certainly Appellant can-

not contend that the question of laches arises with respect to the action by Grindle to have the patent No. 2,534,644 held void and invalid. Appellee had a right to bring suit under the Declaratory Judgment Act until a justiciable controversy had arisen. The claim for relief was filed a very short time after the justiciable controversy arose.

**I. APPELLANT SHOULD NOT BE AWARDED
ATTORNEYS' FEES.**

Appellant's argument in connection with attorneys' fees is irrelevant in view of the fact that Grindle's action to have patent No. 2,534,644 held void and invalid was obviously not a stale claim. Certainly in view of the unconscionable conduct of Appellant in patenting Grindle's invention, it cannot be contended that Grindle's action was vexatious and unjustified.

**J. THE DISTRICT COURT'S ORDER REQUIRING APPELLANT
TO DISCONTINUE THE PATENT MARKING OF THE DEVICES
AND TO NOTIFY CUSTOMERS WAS PROPER.**

The action of the District Court in ordering Welch to discontinue marking of the devices with the patent number and to notify his customers that the dipsticks were not patented was proper. The District Court refused to give Grindle an assignment of the patent and the damages he requested (TR. 59-60) but held that some relief should be given Grindle to equalize his business opportunity with that of Welch (TR. 63). The relief given by the court is just in view of the fact that the patent is void and invalid. Since

the patent is void and invalid, the subject matter disclosed therein is in public domain. Customers for the disticks have a right to receive this information.

IX. CONCLUSION.

From the foregoing, it is respectfully submitted that the Court of Appeals must affirm the judgment of the District Court because the findings of the District Court are supported by the evidence and are not clearly erroneous.

The patent No. 2,534,644 is void and invalid on four separate and independent grounds any one of which is sufficient.

We believe that this Court must adopt the findings of the Learned Trial Judge, Edward P. Murphy, who had the opportunity to see the witnesses and to determine their credibility.

Dated, San Francisco, California,
September 27, 1957.

Respectfully submitted,

FLEHR AND SWAIN,

PAUL D. FLEHR,

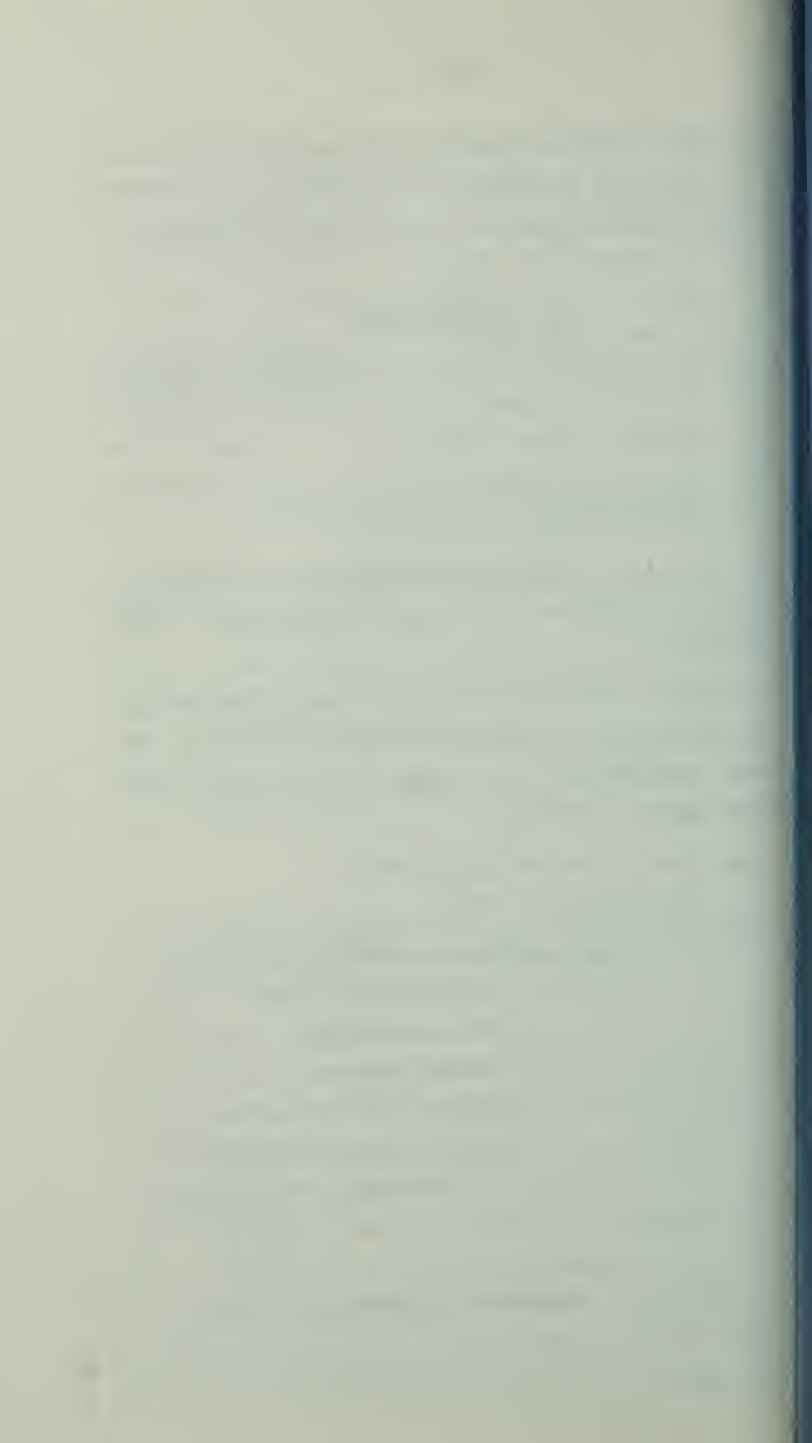
JOHN F. SWAIN,

HAROLD C. HOHBACH,

By HAROLD C. HOHBACH,

Attorneys for Appellee.

(Appendix Follows.)



Appendix.



Appendix

EXHIBITS

Plaintiff's Exhibit No.	Brief Description of Exhibit	Page of Record Introduced in Evidence
2	Soft copy of Welch patent 2,534,644.....	
3	Dipstick formed by drilling a hole through solid 3/4" square plastic extrusion	90
4	Sketch of mock-up dipstick	94
5	Replica of mock-up dipstick	97
6	Pan American drawing A.14.123.116 dated April 28, 1948 prepared by Grindle.....	99
7b, 7c	Examples of standard plastic extrusions sub- mitted by Welch	105
8	Pan American drawing D-32.061.114 showing the "A" change	110
9	Replica of dipstick submitted by Welch.....	121
10	Quotation by Welch dated June 7, 1948 on dipsticks for Pan American	128
11	Pan American Purchase Order No. 30-3017541 dated June 11, 1948	131
12	Original of Grindle letter dated June 10, 1948	135
13	Pan American copy of Grindle letter dated June 10, 1948	135
14	Pan American letter written by Grindle to Division Operation Managers dated June 14, 1948	140
15	Pan American letter written by Grindle to all Station Operation Managers at Pan American dated June 22, 1948	140
16	Pan American Receiving Report No. 49700 dated August 12, 1948.....	142
17	Pan American Receiving Report No. 49986 dated August 12, 1948	142
20	Letter dated February 10, 1949 from Welch to Pan American	152
21	Pan American letter dated February 25, 1949 written by Grindle to other Pan American divisions	155

Plaintiff's Exhibit No.	Brief Description of Exhibit	Page of Record Introduced in Evidence
22	Vibrometer manufactured by Deterjet Corporation	171
25	Montoya sketch of mock-up dipstick.....	267
34	Welch deposition	670
35	Plastic Process Company quotation dated May 11, 1948 to Pan American	592

Defendant's Exhibit No.	Brief Description of Exhibit	Page of Record Introduced in evidence
A	Pan American release to Grindle dated October 6, 1954	226 ¹
E	Letter dated May 3, 1948 from Welch to Plastic Process Company	371
I	Letter of explanation dated May 11, 1948 from Plastic Process Company to Welch.....	390
J	Letter dated June 9, 1948 from Welch to Plastic Process Company	393
K	Letter dated June 23 from Welch to Plastic Process Company	397
L	Welch Purchase Order to Plastic Process Company dated June 23, 1948	397
O	Letter dated May 14, 1948 from Welch to Plastic Process Company	434
P	Pan American drawing D-32.061.114 before "A" change	441
Q	Bill from Shaffer's Mill	458
T	Letter dated June 28, 1948 from Plastic Process Company to Welch	464
H-1	Welch patent application file	494
R-1	Welch drawing dated May 12, 1948	554

*Indicates introduced for purpose of identification only.